

In Whose Service ?

GATS and
the FTAA



Our World is Not for Sale!

STOP CORPORATE GLOBALIZATION

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WHY CARE ABOUT SERVICES?

BECAUSE essential services such as public water supplies, public health care and public education are under threat like never before.

BECAUSE new trade rules are being written that will affect how all services are provided potentially loosening regulatory constraints on key industries.

BECAUSE corporations want to make profits from our most essential needs by pressing for rules that make it easier to privatize and deregulate these services.

BECAUSE this violates the right of all people to have affordable access to essential services. From water in Bolivia to electricity in California, privatization and deregulation have brought great hardship.

BECAUSE our democracy is under attack by unelected trade bureaucrats who are writing rules of global trade for Wall Street investors and giant corporations, not for you and me and local Main Street businesses.

“Every aspect of our lives is up for sale. Every aspect of human needs and every form of human activity is being redefined as a tradeable service.” Vandana Shiva, 26 March 2001

Here are the facts you need so you can stop this attack and protect the democratic authority of local, state and national officials to provide and regulate these services.

Today everyone talks about the service economy, evoking images of low-paid workers. In fact, services cover everything from McDonald's hamburger flippers to international bankers. Nurses, doctors, teachers, police, lawyers, accountants come to mind, but services also include water collection and distribution, oil drilling, pipeline transport, trucking, waste incineration and sewage treatment.

Services make up about 70% of the U.S. economy and more than 60% of the global economy.

The service sector extends its reach even further because the production of goods depends on services like sales, engineering, transportation, energy and water supply.

Many vital services are provided by state and local government such as police and fire protection, safe drinking water, education and some health care. These public services and others supplied by private business, such as transportation, food distribution, and banking, are now regulated by our democratically elected officials for the public good – to protect consumers, employees and the environment.

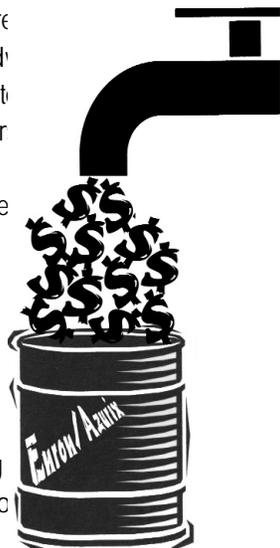
Essential public services like health care, schools and drinking water supply would be highly profitable to corporations if such services were fully privatized. Health care is a \$3.5 trillion market worldwide while education is estimated to be worth \$2 trillion dollars and water almost \$1 trillion.

Now international trade negotiations are taking place that promote the interests of corporations and investors. If adopted, these new rules will undercut the role of the public sector in providing essential social services to all regardless of income.

The fundamental right to drinking water, public education, essential health care will be replaced by a profit-driven ideology that will undermine our democratic right to determine how essential services should be provided. Governments' ability to regulate services, whether public or private, will be undercut.

These rules are being written into GATS and the FTAA without public debate.

THIS IS NOT WHAT DEMOCRACY LOOKS LIKE!



WHAT IS GATS?

"We are writing the constitution of a single global economy."

Renato Ruggerio, former Director General of World Trade Organization

The General Agreement on Trade in Services (GATS) is part of the World Trade Organization (WTO) created in 1995. In 18 separate agreements signed in April 1994, global rules were expanded from setting tariff levels for trade in goods and raw materials to removing "non-tariff barriers" to trade such as restrictions on intellectual property rights and regulations protecting workers, public health and the environment considered unnecessarily burdensome to trade. The WTO was given authority to enforce the new rules.

At the behest of American Express and other U.S.-based corporations, the U.S. lobbied successfully to have an agreement on services included. Other countries resisted this effort at privatization and deregulation of services and would only agree to GATS if they could choose which services to include - called the "bottom up" approach. So while GATS creates legally enforceable obligations backed up by trade sanctions, some rules only apply to those services countries put on their "schedule of commitments."

"Without the enormous pressure generated by the American financial services sector, particularly companies like American Express and Citicorp, there would have been no services agreement."

David Hartridge, Director of Services Division, WTO

Today 140 countries are members of the WTO, with others awaiting entry. Every WTO member is a party to the GATS agreement.

GATS covers services provided in every possible way. It covers....

Cross border supply from one country to another, e.g., long-distance learning via the internet;

Consumption abroad by people traveling from their country to consume a service in another country, e.g., study abroad programs for U.S. students;

Commercial presence by investors in one member country developing a commercial presence in another member country in order to supply a service, e.g., a U.S. university setting up a branch in another country;

Presence of Natural Persons by workers entering a member country temporarily in order to provide a service like a faculty member from another country coming to the U.S. to teach.

The stated goal of GATS is "progressive liberalization of trade in services" which means removing as many barriers to such trade as possible. This road can lead to the deregulation of services at national, state and community levels and to privatization of government-provided services. It is a one-way street: once commitments are made, countries cannot realistically turn back.

"GATS is the world's first multinational agreement on investment, since it covers not just cross-boundary trade but every possible means of supplying a service including the right to set up a commercial presence in the export market."

WTO Secretariat

Negotiations on GATS are going forward even though the WTO "millennium round" of negotiations came to a screeching halt in Seattle. Why? Because the original GATS agreement required further negotiations to pursue "progressive liberalization" beginning in January 2001.



WHAT IS THE FTAA?



The Free Trade Area of the Americas (FTAA) is being negotiated by all 34 countries of the Western Hemisphere except Cuba. It's been called NAFTA for the Western Hemisphere, but it's even more than that. It's also high octane GATS. It must comply with all GATS

rules and go even further by including "substantial sectoral coverage."

The negotiations are taking place in secret, but we know they will build on all the WTO agreements to which the Western Hemisphere countries are already committed.

By using the FTAA to extend NAFTA provisions throughout the hemisphere and to ratchet up GATS, the FTAA would create a trade powerhouse with sweeping new authority over every aspect of our lives in communities from Alaska to the tip of South America.

More Corporate Power . The FTAA would be more powerful than GATS because, following NAFTA's investor suit provision, corporations of one country would have the right to sue another country in order to protect their future profits.

Unlike GATS, the FTAA is expected to be a total "top down" agreement requiring member countries to negotiate with the other members if they want any of their services excluded. This is even worse than NAFTA where the countries can just list their exceptions.

Free traders will play the GATS and FTAA negotiations off against each other to achieve rules further promoting the power of corporations under the guise of free trade.

AREN'T GOVERNMENT SERVICES EXEMPT?

The office of the U.S. Trade Representative (USTR) and the WTO Secretariat say not to worry- government services are exempted from GATS. The actual wording tells another story -- there is no real protection.

GATS states "Services supplied in the exercise of governmental authority" are exempted only if they are not supplied "on a commercial basis, nor in competition with one or more service suppliers." In fact, if a government agency charges a fee, this can be considered providing the service on a commercial basis. If a town has both a private school and public schools or public and private bus lines, this could be ruled to be in competition.



This exception is so full of holes that there is little assurance that local, state or federal government services are in fact exempted. Yet the FTAA is expected to use the very same definition.

IN WHOSE SERVICE?

The rules being written into GATS and the FTAA benefit transnational corporations (TNCs) and put local public and private service providers at a disadvantage. GATS diminishes the power of communities to shape local economic development, promote local culture, provide public services, or advance the rights of women and children, minority populations and indigenous peoples.

World Services Congress Sets Agenda.

A World Services Congress was held in Atlanta, Georgia in November 1999 sponsored by Coca Cola, FedEx, Enron, UPS, Chubb, New York Life, Citigroup among others. Officials from the WTO, the World Bank and WTO member countries attended. The objective was to influence the new round of negotiations.

If these corporations have their way, GATS will move toward a "top down" approach.

" A contestable, competitive market in every sector and in every WTO member country is the ultimate goal."

J. Robert Vastine, President of the U.S. Coalition of Service Industries

The USTR promotes the interests of the business community in both the GATS and FTAA negotiations.

Under the banner of "Get government off our backs," the same agenda has been pursued through domestic policies that promote cutbacks in public services, deregulation, and weakened government oversight of private sector performance.

- Public schools are bombarded by corporate advertising.
- For-profit prisons hire low-paid, unqualified guards endangering workers, communities and prisoners.
- Insurance companies make medical decisions affecting citizens' health and even their lives.
- Airlines contract out maintenance work which escapes government inspection.
- Oil companies cry energy crisis in order to do away with environmental regulations, while mining companies oppose arsenic standards for drinking water.

The GATS/FTAA regime is about locking in such deregulation and privatization in order to protect investors.

"In services, we are developing [a]negotiating proposal for a wide range of sectors where our companies have strong commercial interests, including energy services, environmental services, audiovisual services, express delivery, financial services, telecommunications, professional services, private education and training, private healthcare, travel and tourism, and other sectors of great importance to the American economy and in particular its high tech sectors."

-1999 Annual Report of the President of the United States on the Trade Agreements Program

NO LEVEL PLAYING FIELD FOR DEVELOPING COUNTRIES

Trade rules create a level playing field, or so U.S. trade negotiators like to claim. The



rules may be the same for all, but the ability of member countries and their businesses to compete is vastly different. In the U.S. the commercial service sector is highly developed which puts the countries of the Global South at a decided disadvantage.

Locking in Structural Adjustment.

The public service sectors of many countries in the Global South have already been gutted by the IMF and World Bank's structural adjustment policies which require severe reductions in public budgets and privatization of public services and assets. This opens up opportunities for northern TNCs to provide these services on a for-profit basis. Many people will be excluded from such essential services as health care, education, water and energy due to cost and lack of access. Under the GATS/FTAA regime, developing countries will not be able to turn back from the structural adjustment forced on them by the IMF and World Bank in sectors where they have made commitments.

Further, the export of services by powerful northern TNC's will diminish the capacity of developing countries to establish their own private-sector services, enriching the North and increasing dependency and poverty in the South. Safeguards, intended to create space for local infant service industries, are not popular with U.S. negotiators who advocate the elimination of all so-called trade barriers.

Despite this, the U.S. wants to enlarge GATS and forge ahead with the FTAA before there has been an assessment of the social, environmental and economic impacts of the present services liberalization on developing countries.

IT'S UNFAIR TO SMALL BUSINESSES

It's not fair to small and medium-sized businesses. GATS promotes market access by large TNCs which must be treated at least as favorably as domestic companies and prohibits any limit on the number of service suppliers where commitments have been made. If, as expected, the FTAA adopts investor-to-state dispute resolution, only foreign companies will have the right to sue the U.S. government before international tribunals to protect their commercial interests.

U.S. trade negotiators think of opening up foreign markets for U.S. corporations by doing away with "burdensome" local regulations in foreign countries. They ignore the fact that foreign firms will take advantage of the same provisions to enter the U.S. market. The losers will be local communities, small businesses, and working people.

RULES FOR CORPORATE GLOBALIZATION



and under negotiators' interests of investors and local demands at protecting the environment and the environment-treated as non-trade in services.

Here are the main provisions in GATS. Some apply to all services and others only

apply to services which member countries have put on their "schedule of commitments."

- Member countries are required to treat service providers from all other member countries in the same manner regardless of their track records on social, labor and environmental issues.

This applies to all services and may prevent any country or state from using human rights, labor or environmental standards as criteria for whether to allow a foreign company to operate in their country and under what conditions. **Most Favored Nation (MFN)**

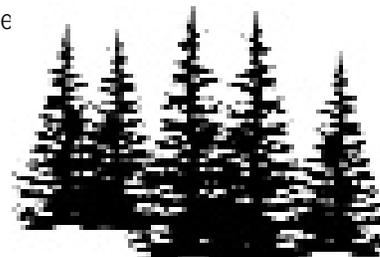


- Foreign corporations must be treated at least as favorably as domestic companies for all services included in a country's schedule of commitments. This may prevent governments from promoting local service businesses. The U.S. wants this rule to apply to all services in the FTAA. **National Treatment**

- Member countries must prove to trade tribunals that their regulations on technical standards, licensing, and qualifications are not "unnecessary barriers to trade in services" and "not more burdensome than necessary." This gives trade arbitrators a great deal of discretion to rule in favor of corporate interests. It also discourages governments from passing and enforcing environmental, labor and public health regulations. Local, state or federal regulations may be ruled illegal under GATS even if there is no discrimination based on MFN or National Treatment. This applies to all services, whether domestic or foreign. **Domestic Regulation**

- Once a country agrees to provide market access for a particular service sector, foreign service providers must be granted virtually unrestricted entry into their country. Foreign corporations can set up as many operations as they want, even if the increase causes environmental or social damage. The U.S. wants this rule to apply to all services in the FTAA. **Market Access**

- Exhaustible natural resources are not protected by a general exception to GATS rules. This limits the ability of countries to protect natural resources such as fresh water, forests, and endangered species affected by service companies.



There are also no exceptions for government measures necessary to protect human rights or workers' rights, or to ensure universal access to essential services. **General Exceptions**

- Disputes between member countries are resolved by trade tribunals which meet in closed session and have the power to enforce their rulings by allowing the winning country to impose economic sanctions on the losing country until it brings its law or regulation into compliance. These tribunals can rule against national, state or local regulations protecting the environment or public health by finding them "more burdensome than necessary."

Dispute Settlement Body

- The WTO denies that countries are locked in to their commitments. In fact, it is written that no modification can be made within the first three years and that the country must negotiate "compensatory adjustments." This means a country will have to agree to compensate all other member countries who request compensation, a very high barrier indeed, especially since it will be the TNCs pressing their countries to demand compensation.

Penalties for Modifying Schedules

WHAT'S UP IN THE NEGOTIATIONS?

While these provisions in GATS already help service corporations to operate freely around the world, the aim of the current GATS negotiations is to make it even easier for global service corporations. Wherever the GATS leaves



off, the FTAA can be expected to go further.

Countries will be under great pressure to subject more services to national treatment and market access on their **schedule of commitments**. Some services like energy may be grouped into clusters to make further commitments easier to negotiate, a step toward

a "top down" agreement that will further the interests of private water and energy corporations.

GATS rules may be significantly tightened by defining what is meant by "not more burdensome than necessary" through development of a "**necessity test**." Powerful corporate lobbies like the US-based Coalition of Service Industries and the European Services Forum have put expanding the GATS domestic regulation provisions on the top of their agenda.

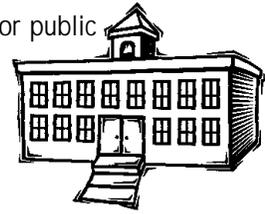
Government Procurement disciplines restrict the ability of governments to apply non-trade measures to their procurement decisions. However this section of the GATS is still being negotiated, so for now there are no agreed upon measures. The other GATS rules such as national treatment do not presently apply to government procurement.

Emergency Safeguards allow developing countries to delay implementation of certain rules in order to protect their people and economies from excessive foreign competition by service companies from large, wealthy countries. This is a contentious issue not yet resolved by negotiators.

Subsidies are also a contentious issue. Current language applies National Treatment and MFN standards to subsidies unless countries take specific exceptions. There is no enforcement mechanism beyond the aggrieved country requesting a consultation.

While subsidies lower the cost of production reflected in the market price and so distort trade, they can also have social value. They can protect family farms, encourage local businesses that reflect community values, and promote domestic minority or women-owned enterprises. Communities and countries should be free to spend taxpayers money to promote economic activity of local social value beyond the global market value.

Disciplines on subsidies could also have serious ramifications for public services since subsidies is defined so broadly it could include all forms of support to public schools, public transit, public health, etc



Subsidies with social and local developmental value should be exempt from GATS altogether since needs will change and countries cannot anticipate what exceptions will be necessary.

Transparency in GATS-speak means that member countries' laws and regulations affecting services must be made publicly available. Trade activists are demanding that trade negotiations and trade tribunals should be made public.

The U.S. has something else in mind. The USTR is proposing that countries, states and even municipalities be required to consult with interested parties in other member countries and take these comments into account before they implement any new regulations impacting the service sector. This unfunded mandate would increase the cost of municipal government.

Some would call this corporate control rather than transparency since it opens the door for TNCs to comment on every local regulation that might impact their business and to have these comments be considered in the rule-making process. Private citizens would lack the necessary resources to track proposed rulemakings around the globe.

ASSAULT ON LOCAL AND STATE DEMOCRATIC AUTHORITY

GATS rules allow other countries to challenge a range of our own state and local laws and regulations intended to protect the health and welfare of our citizens. A GATS tribunal can then find such provisions in violation of GATS.

While the U.S. has carefully crafted its present schedule of commitments to limit the grounds for such challenges, this could change with the new round when other countries are likely to demand more concessions from the U.S. Further, as described above, the U.S. and E.U. are pressing to expand commitments on energy and water services. Finally, domestic regulation and MFN challenges apply across the board to all services.

Here are a few examples in the U.S. based on current commitments.

California law forbidding any discrimination in health insurance or health care based on a patient's genetic characteristics could be found to violate GATS as more burdensome than necessary because it could decrease a corporation's profitability.

A California requirement that a physician or surgeon must complete approved postgraduate training in specified programs in the U.S. or Canada in order to be licensed to practice in California could be found to violate MFN.

Restrictions on health care such as New York's requirement that health care facilities be incorporated in the state or Minnesota's requirement that HMO's be non-profits could be challenged as violating U.S. market access commitments.

Any local limitation on the number of gas stations could be challenged as violating U.S. market access commitments.

CORPORATE CONTROL OVER OUR LIVES

"Until recently, governments were reluctant to allow private ownership of natural monopolies which provide essential services for fear they would exploit consumers."

WTO Secretariat Background Note

GATS and FTAA will accelerate an already disturbing trend toward increased corporate control over essential social services.

EDUCATION

Corporations have already made significant inroads into the U.S. educational system. High schools contract with private businesses for guidance counselors; textbooks use corporate logos in their exercises; and



Coca Cola made a deal with Colorado Springs schools to provide \$8.4 million in funding over 10 years on the condition that sell 70,000 cases of Coke products to students every year.

For-profit corporations are using charter schools and vouchers to make inroads into the public school system. They have not yet asked the U.S. negotiators to include primary and secondary schools on its list of GATS commitments, but with the goal of continued liberalization of services, this can be expected down the road.

"Business will have to set the agenda...a complete restructure driven by competition and market discipline, unfamiliar grounds for educators."

David Kearns, the U.S. Chair of Xerox

The weakening of our public school system undermines democracy itself. The inclusion of education under GATS, opening up education to foreign competition and to rules on domestic regulation, accelerates the corporatization of our schools and makes it harder for citizens to turn them around.

In the Global South, public education provides poor residents with the opportunity for better paying jobs and income to cover necessities like health care. In Bolivia, studies show that women who have completed primary school earn, on average, 38 percent more than less educated women. When education is privatized or public subsidies are reduced due to IMF structural adjustment, families often have to pay fees to use the school or pay for books. When this happens, girl children are often the first withdrawn from school. In Malawi, UNICEF reports that the elimination of school fees increased primary school enrollment by 50 percent from 1.9 to 2.9 million, with the main beneficiaries being girls.

WATER.

Water scarcity is becoming widespread, partly due to the pollution and misuse of water by corporations and agribusiness. Now corporations like the French giant Suez Lyonnaise des Eaux (now called just Suez) and U.S. giants like Bechtel and Enron want to profit from this scarcity. It is in their interest to encourage countries to put water-related services on their schedule of commitments. If a country complies and later realizes this was a mistake, it will be very expensive to change course because of the compensation clause.

The E.U. wants to include the collection of water without any definition of what collection means. This could further encourage privatization of municipal systems and leave the door wide open for private companies to withdraw water from aquifers which are not well protected by many state laws and then sell the water.

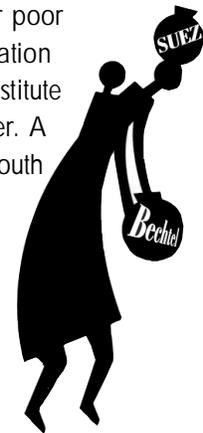
Rebecca Mark, speaking as CEO of Enron's water subsidiary Azurix, said she would not rest until all the world's water has been privatized.

In California, the state constitution guarantees that the people have the right of ownership of the water, but tragically the people are losing control of this right to agribusiness, private land companies, and water speculators like Azurix. Since 1992, some companies operating as federal contractors have

been given the right to sell some of California's water on the open market. In 1995, the state also gave its contractors the right to sell water.

In Texas, T. Boone Pickens, the corporate raider, has a sprawling ranch in the Texas panhandle where the Ogallala Aquifer lies deep beneath the bleak, isolated terrain. The New York Times reports "At a time when nearly every major city in Texas is desperate for more water to meet runaway population growth, Mr. Pickens is proposing to pump tens of billions of gallons - to the highest bidder." He plans to make a cool \$1 billion by pumping from this essential aquifer which supplies farmers with water all the way north to South Dakota and is already being rapidly depleted.

In the Global South, women spend an estimated 40 billion hours every year hauling water from distant and frequently polluted sources. If the price of water is exorbitantly high for poor families, women may have to ration water for their families and substitute unsanitary water for clean water. A recent outbreak of cholera in South Africa was traced to residents drinking from a polluted pond because they couldn't afford to pay for water once it was sold at a market rate.



Do people have to fight in the streets to secure their human right to water? In 1999, the Bolivian government carried out a World Bank-supported plan to sell the city of Cochabamba's water system to a private consortium led by Bechtel. The consortium quickly hiked rates by as much as 200 per cent, sparking massive resistance by the Coordinadora in Defense of Water and Life, a coalition of workers, environmentalists, women, and peasants. After a week of protests, the coalition forced the withdrawal of Bechtel and the reform of laws pertaining to water services.

HEALTH CARE

The WTO says countries should reconsider the “depth and breadth of their commitments” on health and social services, which are “trailing behind other sectors.” This means more privatization, deregulation and increased competition by foreign providers.

Privatization of public health services increases inequity. The WTO acknowledges that “private health insurers competing for members may engage in some form of ‘cream skinning’...private clinics may well be able to attract qualified staff from public hospitals without...offering the same range of services to the same population groups...” The U.S. is heavily promoting managed care by U.S. corporations in Latin America.

“The elite will be able to access private TNC-controlled care; the rest will have to make do with the shrinking public system.”

Public Services International

As mobility of health care professionals is encouraged by GATS, there will be pressure for a downward leveling of standards for medical training and qualification resulting in poorer quality medical treatment.

In the Global South, women are responsible for providing family members with health care and medicine. For low-income women, privatizing health care by introducing user fees has often led to an increase in maternal and infant deaths, and a general decline in health status. In Zimbabwe, after the IMF imposed user fees on health care, maternal mortality increased. Pregnant women did not see doctors because they could not afford to pay the fees.

When jobs in education and health care are eliminated due to privatization and deregulation of services, women workers are affected disproportionately. In 1991, after Nicaragua agreed to an IMF privatization plan, they laid off government workers particularly in the health and

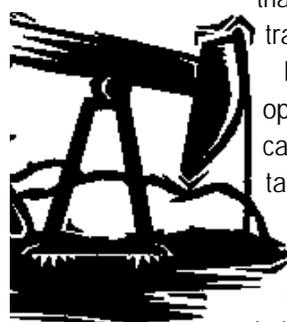
education fields. More than 70 percent of those laid off were women. The result is women lose well-paying, secure jobs and are left with lower paying jobs which are increasingly casual, temporary or contractual work, with few benefits

ENVIRONMENT

Oil drilling and pipeline transport, mining, water collection and extraction, hotel and tourist facility construction, transport and travel, waste incineration. All these activities are services with dramatic impacts on the environment. The operations of multinational corporations supplying these services – from oil companies to shipping companies to waste disposal businesses to private water companies to hotel chains – make up more

than 65% of all international trade in services.

Many of these service operations are already causing severe environmental damage. Expanding the GATS agreement will make it much more difficult for governments



and citizens to protect the

environment from further damage due to the activities of these multinational service corporations.

Governments – including local and state governments – are prohibited from setting limits on the size or quantity of service operations once they are included in their schedule of commitments. This can be interpreted as not allowing any limits on the amount of water withdrawn for sale, the number of oil or gas pipelines constructed, or the number of cruise ships off the Alaskan coast.

In the current negotiations there will be pressure on all member countries to expand their commitments to meet the goal of progressive liberalization. Definitions of energy and water services may also be expanded so that fossil fuel extraction-related services and water collection are clearly defined as services.

The result will be increased global investment in environmentally-harmful operations such as oil rigs and pipelines, water extraction, waste incineration, and cruise liners.

Governments could also be required to prove to international tribunals that their environmental laws and regulations are the least burdensome to trade and investment by foreign corporations – whether or not the laws and regulations are the least expensive and/or easiest to enforce.

With fewer regulatory controls, harmful service operations will rapidly expand and environmental damage will increase. For example, fossil fuel extraction and mining are among the leading causes of forest destruction. Hotel construction and tourism activities, already creating great pressure on many ecologically sensitive areas including fragile beach areas and coral reefs, will be expanded. Meanwhile, water extraction and supply services will be increasingly privatized, even in areas where private operators may deplete scarce water supplies necessary for drinking water, wildlife protection, and agriculture.

LABOR

Services support more than 100 million jobs in the U.S. GATS will make it easier for TNCs to contract out services work overseas, deliver services across borders over the internet and telephone, and even to bring service workers across borders.

While GATS increases corporate mobility and reduces government oversight, it provides no guarantees that companies will have to respect the basic rights of their workers wherever they are located and operate. Quite the opposite. GATS offers incentives for corporations to pursue a low-cost road, while using the profits to jack up corporate compensation.

It is also less certain that governments will be able to ensure that workers providing services from another country are adequately trained and licensed.

To the extent that GATS contributes to privatization of government services, public sector unions are likely to be replaced with non-unionized workers with



lower wages and fewer benefits. This erosion of workers' rights will weaken independent unions, accelerate wage inequality in the U.S. and around the world, and cause workers to suffer more health and safety problems.

Trade tribunals could declare laws and regulations protecting worker rights, health and safety, and consumers "more burdensome than necessary" to provide the service and therefore find them illegal under GATS. For example, if U.S. regulators enforce U.S. wage and hour laws on Mexican trucking companies operating in the U.S. under NAFTA, the U.S. could be challenged by Mexico before a WTO trade tribunal. Even though the regulation impacts highway and worker safety, the WTO could find the regulation "more burdensome than necessary" because it limits market access in order to achieve social ends.

Trade union members are "demanding that any future regional trade or investment pacts reflect their concerns -- not just those of the multinational corporations and policy elite of the hemisphere."

PRISONS

Corporate-run prisons have increased dramatically in the U.S. According to AFSCME, there are now 193 for-profit prisons in operation or under construction in 30 states with 43 in Texas alone. Profits passed the \$1 billion mark in 1998.

Wackenhut and Corrections Corporation of America, the largest private prison corporations in the U.S., have already become transnationals.

CCA manages prisons in Puerto Rico, Great Britain, and Australia. Wackenhut extends its reach to South Africa and Canada.

Here in the U.S., private corporations are setting up shop in prisons where wages are low, benefits non-existent, and workers forcibly compliant.

POSTAL SERVICES

Already the U.S. Postal Service is increasing its merchandizing and partnering with private carriers like FedEx. In Canada, there is concern that a NAFTA tribunal will rule against the government's essential express service to rural areas in a case brought against Canada by UPS. Deutsche Post in Germany is also being pressured by UPS to drop its express delivery. Under such corporate pressure heightened by the services agreements, all profitable postal services may well be spun off to the private sector and fees increased.



STOP THE GATS AND FTAA ATTACKS

WE MUST ACT NOW to stop GATS and FTAA negotiations from promoting further deregulation and privatization of essential services. We've had enough with the profiteering and costly taxpayer and ratepayer bailouts which can come with such policies as seen in the California energy deregulation crisis. Here are some actions you can take.

➤ **"Stop the GATS Attack"** Get your organizations to sign this international letter calling for a moratorium on negotiations. Go to www.tradewatch.org for the letter and instructions.

➤ Endorse the **"Ten Point Plan FOR the Americas: No to FTAA!"** that sets 10 conditions which any hemispheric agreement must meet. Go to www.tradewatch.org for the letter and organization sign-on instructions.

➤ **Educate your public officials** about how these agreements impact local and state democratic decision-making.

➤ **Ask your public officials** to sign the letter from public officials to U.S. Trade Representative Robert Zoellick. Go to www.thealliancefordemocracy.org

➤ **Write to your Congressional delegation.** Tell them you want full public debate on the impacts of the FTAA and GATS. Tell them to vote against "fast track" trade negotiating authority which takes away their ability to give these agreements adequate consideration or modify them in any way. Tell them you want environment, labor and citizen rights not corporate rights in any agreement.

➤ **Write U.S. Trade Representative Robert Zoellick** (Executive Office of the President, USTR, Wash DC 20508). Tell him there should be a full assessment of the current GATS on both developing and developed countries before new provisions are adopted. Tell him you want water, health and education taken entirely out of GATS and the FTAA. Tell him you want government services fully protected – no loopholes. Tell him you want public hearings in your region to allow for public discussion of these agreements.

➤ **Learn more about GATS, the FTAA** and corporate inroads into human and environmental services. See Resources list below. Join list serves on water, health, education, prisons. E-mail rcaplan@igc.org

➤ **Study the pattern of privatization and deregulation in your community.** What changes have taken place in the ownership and management of water, school, health, and prison facilities?

➤ **Organize a teach-in or town hall meeting** on the assault on services in GATS and the FTAA. Focus on what you have learned about privatization in your community. Discuss consequences of GATS and FTAA for local businesses. Go to websites under "Resources" below for teach-in materials.

FURTHER READING

The Free Trade Area of the Americas and the Threat to Social Programs, Environmental Sustainability and Social Justice in Canada and the Americas by Maude Barlow, Council of Canadians. Call 613-233-2773.

FTAA for Beginners, United for a Fair Economy.
For workshop presentations.
e-mail info@ufenet.org

GATS, How the World Trade Organization's New "Services" Negotiations Threaten Democracy. Scott Sinclair, Canadian Centre for Policy Alternatives. Call 613-563-1341 www.policyalternatives.ca

An Environmental Consideration of the GATS. Steven Shrybman, Canadian Centre for Policy Alternatives, www.policyalternatives.ca

Great Expectations The Future of Trade in Services. Public Services International, www.world-psi.org

Democracy or Dominance in the Americas? The FTAA vs. Public Services. Public Services International, www.world-psi.org

Blue Gold: The Global Water Crisis and the Commodification of the World's Water Supply by Maude Barlow, International Forum on Globalization. Call 415-229-9350.

"GATS and Women," by Marceline White, Women's EDGE, in Foreign Policy in Focus. www.foreignpolicy-infocus.org



GLOSSARY OF TERMS

Country schedule: Each country has a schedule listing the specific service sectors where they have agreed to national treatment and/or market access rules, as well as any restrictions on these commitments.

De facto treatment. Even when government measures are not discriminatory, they can allegedly modify the conditions of competition in favor of domestic services or service suppliers so GATS goes one step further and guarantees de facto treatment or "equality of competitive opportunity."

Domestic regulation . Local, state or federal laws or regulations must not constitute "unnecessary" barriers to trade in services nor be "more burdensome than necessary" for domestic and foreign service suppliers. These standards apply even to non-discriminatory government measures.

General Exceptions. Certain measures that are otherwise inconsistent with GATS rules can still be maintained if the government can demonstrate to a WTO dispute panel that the measure falls under a GATS exception such as measures to maintain public order, or to protect human, animal or plant life or health.

General obligations such as MFN and transparency apply automatically and unconditionally to all member governments across all service sectors.

Market access prohibits government measures that limit the number of service operations, the value of service transactions or assets, the number of operations or quantity of output, the number of persons supplying a service, the participation of foreign capital, and any requirement for specific types of legal entities.

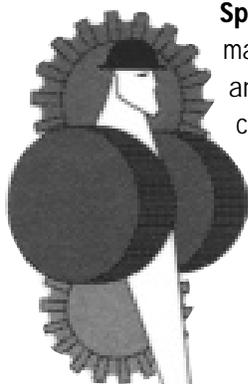
Measures includes government laws, regulations, rules, procedures, decisions, administrative actions, and any other form of government action affecting trade in services.

Necessity means governments must demonstrate that a domestic regulation is “necessary” to achieve a WTO-sanctioned “legitimate objective.” A government can not justify a regulation as necessary if there is an alternative that would be less burdensome on trade in services.

Progressive liberalization means removing all barriers to trade in services. It is grounded in the neo-liberal belief that market competition driven by the profit motive is the most efficient way to allocate resources and regulations that set conditions on the market lead to less efficiency.

Request-offer is the bargaining process used between member countries for committing to remove barriers to trade for specific services. MFN then applies these agreements to all other member countries.

Service is not defined anywhere in GATS. Broadly defined, a service is a product of human activity aimed at satisfying a human need, which does not constitute a tangible good or commodity.



GEARS OF GATS

Specific commitments are made to national treatment and market access when countries list specific services in their schedule of commitments.

CONTACTS/RESOURCES

AFSCME, Michele Sforza 202-429-1181
www.afscme.org

AFL-CIO, Elizabeth Drake 202-637-5000
www.aflcio.org

Alliance for Democracy
Ruth Caplan 202-244-0561
www.thealliancefordemocracy.org

Fifty Years Is Enough
Njoki Njoroge Njehu 202-544-9355
www.50years.org

Alliance for Responsible Trade
Karen Hanson-Kuhn 202-898-1566 www.art-us.org

Center of Concern
GAT – Maria Riley, FTAA – Alexandra Spieldoch
202-635-2757

Center for Economic and Policy Research
Robert Naiman 202-293-5380 x212
www.cepr.net/globalization/FTAA

Center for International & Environmental Law
FTAA – Steve Porter, GATS – Patricia Svilik
202-785-8700 www.ciel.org

Council of Canadians
Jamie Dunn (water) 613-233-4487 x239
www.canadians.org

Friends of the Earth
David Waskow 202-783-7400 x108
www.foe.org

Global Exchange
Juliette Beck 415-255-7296
www.globalexchange.org

Harrison Institute for Public Law
Robert Stumberg 202-662-9603

Institute for Agriculture and Trade Policy
Kristen Dawkins 612-870-3405
www.iatp.org

International Forum on Globalization
Antonia Juhasz 415-561-7650
www.ifg.org

Jobs with Justice
Simon Greer 202-434-9512
www.jwj.org

Maryknoll Office for Global Concerns
Kathleen McNeely 202-832-1780
www.maryknoll.org

Public Citizen's Global Trade Watch
GATS-Margrete Strand 202-454-5106
FTAA-Alesha Doughtrey 202-454-5103
www.tradewatch.org

Public Services International
Cam Duncan 202-824-0880
www.psiamericas@igc.org

Sierra Club
Dan Seligman 202-675-2387
www.sierraclub.org/trade

United for a Fair Economy
Mike Prokosch 617-423-2148
www.ufenet.org

Women's EDGE
Marceline White 202-884-8394
www.womensedge.org

OFFICIAL SOURCES:

www.ustr.gov/sectors/services/services.shtml

FTAA draft text & other documents:
www.ftaa-alca.org

For GATS public documents:
www.wto.org/wto/ddf/ep/public.html

For GATS legal text:
www.wto.org/english/docs_e/legal_e/26-gats.pdf

In Whose Service? GATS and the FTAA

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