



# Injustices and Inequality in NAFTA

NAPOLEÓN GÓMEZ URRUTIA

THURSDAY 25<sup>TH</sup> MAY, 2017

---

The possible renegotiation of the North American Free Trade Agreement (NAFTA, or TLCAN by its initials in Spanish) between Mexico, the United States and Canada represents an opportunity for our country to salvage economic sovereignty and to move towards politics that are more transparent, democratic and respectful of human and labour rights.

There is no doubt that for Mexico, NAFTA has represented a failure and a submission to the interests of international capitalism and the US government. Regional involvement in supply chains has generated a certain level of employment, but this has come with stark deprivation, a lack of rights and no way of strengthening our domestic market, given the low salaries. This means that no real prosperity exists for Mexican workers, just the perpetuation of the conditions of poverty.

We can clearly see this in Mexico's automotive industry, and in the transport, construction and textile manufacturing sectors, among many others. Worse still, the weakness of our authorities to negotiate different terms in the NAFTA rules and the subjugation of economic and international policy, have allowed many products to come into the country at subsidised prices, otherwise known as 'dumping', which creates unfair competition for national industry, leading to new projects being cancelled or postponed.

In the metalwork and mining sector's case specifically, subsidised imports of cold-rolled sheet which is used to make household appliances, cars and engines have increased enormously because China produces half the world's steel and because Mexico has only imposed a 15% tariff, which sits as high as 500% in the US in some cases. This means there is no way of protecting national industry.



For several decades workers and the population at large have suffered the devastating effects of free trade agreements that have been both a disappointment and a failure. We are all hoping for the chance to fix these mistakes, because maintaining the status quo could lead to even more job losses. This is why we must demand that the Mexican government and the negotiators set out a path and solid foundations which put people first, not corporations or the private interests of government or those in power.

23 years have gone by since NAFTA promised prosperity for the working class and the population as a whole, and there isn't even a glimpse of it today. All because from the outset, they put more emphasis on a trade model that handed investors bigger corporate profits than the needs of citizens of the three nations involved in the agreement.

Meanwhile, we have seen an influx of global capital coming to Mexico, because our country's government decided to declare a policy of zero strike disputes, which they haven't been able to deliver, and low wages to attract foreign investors, despite the social costs. Peña Nieto's government has also not had the political will to set out clear respect for trade union democracy, nor for the environment, effectively condemning the national economy to being little more than a factory or provider of cheap labour, without the necessary tools to improve worker wellbeing.

At the same time, the labour authorities have supported a system of exploitation based on the employer protection contracts that prevent free collective bargaining and continue to repress and control Mexican salaries, which are now the lowest in Latin America and other parts of the world.

While more than 21 million people were still living below the poverty line after 23 years of NAFTA in Mexico in 2014, there was something different going on elsewhere in Latin America, where conditions improved by up to five-fold. This is why labour rights must form part of a special chapter in the agreement, which in turn will allow more free and democratic unions to emerge. A legal mechanism also needs to be established alongside this to tackle the violations of workers' interests.

Equally, the revision of NAFTA must also include provisions that will mean that manipulation of the exchange rate, subsidies, illegal imports and the rules of origin on national production can all be controlled. Lastly, it needs to be a complete strategy that defends sovereignty and the national economy, which must include these three fundamental points:



- 1) Transparent negotiations in consultation with Congress and civil society.
- 2) Rejecting the system of resolving disputes through private courts that favour multinational companies.
- 3) Strengthening the regional origin rules to prevent China or other countries from profiting excessively from our market.

Over the past two decades, we have witnessed an unprecedented increase in the profits and rights of multinational corporations, which has generated greater inequality and injustice. These negotiations must enable us to change course.

*With regret, we honour the enduring memory of all those brave Mexican journalists who have been assassinated, and in particular Miroslava Breach Velducea and Javier Valdez Cárdenas, tireless correspondents for our newspaper La Jornada.*