

## THE POLITICS OF UNITED STATES FREE TRADE AGREEMENTS

*Sangeeta Shashikant*

*Researcher*

*Third World Network*

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United States (U.S.) is aggressively working to open markets globally, regionally and bilaterally to expand American opportunities and to guard its investments in overseas market. With multilateral negotiations proceeding at a slow pace especially following the collapse of talks in Cancun, U.S. is on a spree signing free trade agreements (FTAs) with the Americas, Asian, African and Middle Eastern nations. Robert Zoellick U.S. Trade Representative informed the world “We are not stopping. We are moving with the countries that are willing to go”<sup>1</sup>, referring to the creation of bilateral and regional free trade agreements. U.S. is systematically approaching each developing country using a variety of carrots and sticks to engage them in bilateral and regional free trade agreements.

In the past two years, U.S. has concluded agreements with Singapore, Australia, Bahrain, Morocco, Chile and the Central American states (Costa Rica, Honduras, Dominican Republic, Guatemala, El Salvador, Nicaragua). Negotiations are underway or about to begin with Thailand, Andean states (Peru, Colombia, Ecuador, Bolivia) and the South African Customs Union (Botswana, Lesotho, Namibia, South Africa, Swaziland). U.S. also has Trade and Investment Framework Agreements (TIFAs) with ASEAN states - Indonesia, Philippines, Malaysia and Middle Eastern states – Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Yemen, Oman, Egypt, Algeria and Tunisia.

The FTAs are all encompassing, covering - Market Access for Goods, Agriculture, Cross-Border Services, Financial Services, Investment, Intellectual Property Rights, Government Procurement, Competition Policy, Labor, Environment, Sanitary and Phytosanitary Measures, Technical Barriers to Trade, Trade Facilitation, Transparency, Customs Administration and Dispute Settlement process. The terms in each of these agreements do not vary significantly; in fact most chapters are identical almost to the letter.

U.S. is driven to adopt a “divide and rule” trade strategy, to achieve two imperative objectives. First, is to set tough standards for future trade and investment negotiations. Once countries are already committed to stricter trade and investment rules through a bilateral/sub-regional agreement it will be more difficult for developing countries to collaborate and mount the kind of opposition to U.S. proposals which Brazil helped to lead in Cancun. The second objective is to push through obligations which have not been adopted at the WTO. It is therefore unsurprising to find issues and standards that failed to be adopted at the WTO, now being incorporated into the FTAs.

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<sup>1</sup> CorpWatch (November 2003) “Robert Zoellick’s Free Trade Evangelism” at [www.corpwatch.org/print\\_article.php?&id=9108](http://www.corpwatch.org/print_article.php?&id=9108)

## **THE PRIVATE SECTOR AND U.S. TRADE POLICY**

The Office of the U.S. Trade Representative (USTR) is responsible for developing and coordinating U.S. trade, commodity and direct investment policy and leading negotiations with other countries. The agency's head, Robert Zoellick is the President's principal advisor, negotiator and spokesperson on trade and related investment matters. USTR is advised by the Trade Policy Advisory Committee System established in 1974, which consists of 33 advisory committees with a total membership of 1000 advisors, representing the "private sector" to ensure that U.S. trade policy and trade negotiation objectives adequately reflect U.S. commercial and economic interests. This committee system is arranged in three tiers: the President's Advisory Committee for Trade Policy and Negotiations (ACTPN); six policy advisory committees; and 26 technical, sectoral and functional advisory committees.

These committees are mainly dominated by companies which possess an abundance of wealth and are seeking to protect their investments at all costs. Many of these corporations spend millions of dollars on contributions to the political parties and engage influential lobbyists to lobby the ruling government, to formulate domestic legislation and international trade policies which enhance their investments. For example, Henry McKinnell, the CEO of Pfizer Inc. (a member of the UN Global Compact) is a 2004 "pioneer" (collected at least US\$100 000 for Bush) and the recent past chairman of Pharmaceutical Research and Manufacturing Associations of America (PhRMA), which spent US\$ 34 million on lobbying during the Bush administration.<sup>2</sup> He is known to lobby aggressively against efforts to force U.S. pharmaceutical manufacturers to lower prices, in recent years. Pfizer sits on the USTR Functional Advisory Committee on Intellectual Property (IFAC-3), which has successfully pushed for the adoption of rigorous intellectual property rights in the FTAs.

This scenario is common in Washington D.C. and widely practiced amongst others, by the Energy, Construction, Finance, Health, Insurance, Real Estate, Communications and Electronic industries, many of which are part of the UN Global Compact. A number of these corporations also sit on the various USTR advisory committees that currently are aggressively campaigning via FTAs, amongst others for market access in the goods and service sectors, adoption of stringent intellectual property rights (TRIPS-Plus), trade facilitation and investor-state dispute settlement procedures, irrespective of whether it benefits the developing countries. These FTAs, make a mockery of the negotiations at the multilateral forum of the World Trade Organization (WTO).

De facto these are the industries contriving the development of the U.S trade and investments policies, which ultimately affects human lives and livelihood all around world, many a times in a negative way. An excellent case study is the U.S. pharmaceutical industry - how its association (PhRMA) which represents more than 100 brand name pharmaceutical companies, many of which are members of the UN Global Compact utilizes its vast influence within the U.S. administration, to encourage the development of strong patent rules which in turn denies the poor and the middle income earners all around the world, access to affordable generic medicines.

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<sup>2</sup>Public Citizen Congress Watch (March 2004) "Bush's Campaign Ads.....Brought to you by Special Interest", [www.citizen.org](http://www.citizen.org)