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FOCUS-on-APEC

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We welcome your comments and suggestions!

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REGIONAL ANALYSIS

RP's Blueprint for APEC: Roadmap to Prosperity?

by Walden Bello*
FOCUS

Since the Philippines will host the 1996 Summit of the Asia-Pacific Economic Cooperation (APEC), the way it conceives its relationship to and role in the grouping is of more than just passing interest to the rest of the region.

Well, the Philippine Government's blueprint for its role in APEC is finally out, and the only one looking good is the Asia Foundation.

Blueprint Funded by Asia Foundation

The Asia Foundation funded the research and writing that went into APEC and Philippines: Catching the Next Wave to the tune of P350,000. The Foundation undoubtedly meant well, but why is a foreign funding agency underwriting the production of the Philippine government's basic strategy towards APEC? This is a question that is bugging even some participants in the policy-making process. The reason does not have to do with the Asia Foundation seeking to influence Philippine policy, says one who is intimately involved in the enterprise, and who refuses to be identified. "The
government should have paid for the research," he says. "But its priorities are wrong. Government money is going to the palabas [entertainment events] and to the security of the APEC bigwigs rather than to substantive stuff."

Launched at a Department of Foreign Affairs event featuring President Fidel Ramos in the third week of June, the report was about five months late--to the frustration of many people involved in the APEC process. Even more frustrating to them, the report is said to omit or distort many views expressed during the National Preparatory Summit for APEC held on December 10, 1995, the resolutions of which were supposed to be the basis

of the policy paper.

But was the policy paper worth waiting for?

First, the positive side. Perhaps the most solid essay is the one on "APEC and Sustainable Development," which might be described as one long word of caution about the threat to the environment posed by the sort of blanket trade liberalization that is the core of APEC. "With wrong incentives and the absence of proper safeguards," it warns, "a liberal trade and investment regime is equally likely to exert pressure to exploit or deplete resources more rapidly than otherwise."

Unfortunately, the sustainable development chapter is a minority voice in a book that otherwise celebrates the trade and investment liberalization that APEC represents.

Where is Agriculture?

But before the rest of the APEC blueprint is analyzed, it must be noted that there is something very important missing, and that is the government's policy on APEC and agriculture.

This is, of course, a serious omission since agricultural liberalization has been one of the main bones of contention in APEC. Last year, the Osaka Summit nearly foundered on the insistence by Japan, China, South Korea, and Taiwan--with the informal backing of Indonesia and Malaysia--that agriculture be excluded from the APEC liberalization agenda. Does the Philippine government back its neighbors? Or does it back the US position that APEC is a "GATT-plus arrangement"--that is, one that will initiate a faster and more thoroughgoing liberalization of agriculture than what APEC countries have committed themselves to under the General Agreement on Tariffs and Trade (GATT)?

It might be noted in this connection that the US is fairly transparent about the reasons for its insistence that agricultural liberalization be central to the
APEC agenda: the United States Department of Agriculture (USDA) estimates that two-thirds of the global increase anticipated for farm exports to the year 2000 will take place in the Asia-Pacific region, and it wants to make sure that by that time this market, including the Philippines, will absorb some 60 per cent of US agricultural exports, up from the already large 40 per cent it accounts for currently.

IT: RP's Agenda or Microsoft's?

The section on Information Technology is great on data but simply misleading in its conclusions and downright irresponsible in its key recommendation to "strictly enforce intellectual property rights." To say that strict adherence to and enforcement of "Intellectual Property Rights" will result in the more rapid adoption of information technology (IT) and in a more competitive IT industry in the Philippines is simply false.

Strict IPR enforcement will raise the price of software and computer hardware, much of which is now affordable in the current looser IPR enforcement regime. For one thing, tight enforcement will radically raise the costs of the government's data and information operations. As pointed out by the United States Trade Representative's Office report on trade and intellectual property for 1996, the Philippine government is currently one of the country's biggest users of unlicensed software.

Strict IPR enforcement will also act to dampen local innovation owing to the royalty payments that innovators will have to pay US and Japanese information giants like Microsoft or IBM for patented technologies that are the building blocks of advances in software and hardware. This is not speculation: Korean firms like Samsung and Hyundai have had their efforts to innovate in integrated circuits blocked by the US firms Texas Instruments and Intel's charges of intellectual piracy and demands for excessive royalty payments.

IPR enforcement is a US agenda, not a Philippine one, and perhaps one reason it has been smuggled into the Philippine government position is that Bill Gates' Viceroy to the country, Michael Hard, general manager of Microsoft Philippines, made an aggressive input into the document. Another reason is also unstated: the Philippines is coming up for review by the United States Trade Representative's Office in October, and the government desperately wants to leave Washington's "watch list" of IPR violators before the APEC Summit.

The authors of the volume should just have been more honest and stated boldly that the reason the government wants tighter IPR enforcement is that it faces US trade sanctions otherwise, instead of trying to prove the impossible: that the higher IT costs this would entail would be a boost to the spread of IT in that country.

Arming SME's with Slingshots

Championing SME's (small and medium enterprises) is a popular stance in ASEAN (Association of Southeast Asian Nations) these days. The report adopts this posture, but it does a great disservice to the SME sector by prescribing a cure that is likely to worsen its current status. Opening up to the winds of international competition via trade and investment liberalization, it says, will work to the benefit of the SMEs. This is hard to believe, since by the paper's own description, "Except for a few SMEs at the international best practice frontier, the overwhelming majority are characterized by low levels of productivity, stemming primarily from the inadequate supply of complementary inputs of capital and skilled human resources." Moreover, entrepreneurial and managerial skills are in short supply, "causing high death rates among SMEs."

>From the experience of other economies, the key to survival of SMEs is strong state support in the form of judicious protection against unfair foreign competition and anti-monopoly action against unfair trading

practices by large local firms. But this is precisely the sort of effective "state intervention" that the proponents of trade and investment liberalization in APEC would like to outlaw. The report's recommendations--providing SMEs training in business, access to information technology, access to information about markets, and access to credit--are tantamount to equipping them with slingshots in the rough and tumble world of liberalized regional trade and investment dominated by aggressive American, Japanese, and NIC conglomerates.

Mistaken Focus on Investment Code Liberalization

The key recommendation of the paper on investment is that despite the liberalization of the foreign investment code over the last ten years, it is still not liberal enough to attract foreign investors. Thus, the Philippine retail trade sector must be opened up to foreign investors, and negative lists, or lists of industries in which foreign investors are banned or restricted, must be scrapped. And further measures must be taken to enhance the security of "foreign land tenure." The idea is for the Philippines to have the most friendly foreign investment code in the Asia-Pacific, basically giving foreign investors "national treatment," or providing them with equal rights as domestic investors.

The problem with this approach is that it simply is not true that the best way to attract foreign investors is by giving them royal treatment. Indeed, a comparative look at our Asian neighbors shows that despite the fact that they have had more restrictive foreign investment codes than the Philippines over the last decade, they have nevertheless attracted far greater amounts of investment than that country. An examination of Japanese investment patterns, for instance, reveals that between 1988 and 1993, $6.0 billion went to Indonesia, $5.3 billion into Thailand, $4.2 billion into Malaysia, and $2.2 billion into Taiwan. Even South Korea, which US government sources regularly denounce as having one the world's most restrictive investment codes, if not the most illiberal one, got $2.1 billion, compared to the Philippines $1.1 billion over the same period.

The reason foreign investors favor an economy do not lie in the relative looseness of its foreign investment code relative to others. The report tries to prove its case by citing the complaints of foreign investors, but foreign investors will always find cause to complain, even if you have already given them the store--lock, stock, and barrel. One difference between Philippine and, say, Malaysian technocrats is that the former take the foreign investors' bitching seriously while the latter take them with a grain of salt.

The Go-It Alone Trade Lib Strategy: Stroke of Genius or Madness?

The core of the blueprint is the section of trade liberalization, and here the
government's stance is that whether or not our neighbors move toward trade liberalization, the Philippines must continue inexorably on the path of the trade reforms, to complete its program of unilateral liberalization that will bring about a uniform tariff for all goods of five per cent by 2004. To use the words of Dr. Jesus Estanislao, the Filipino representative to the (now disbanded) Eminent Persons' Group, the Philippines must "bear the burden of APEC leadership by example." Or as President Ramos puts it, "We must blaze the trail that others must follow."

Brave words but pure bravado. If the Philippines' neighbors like Japan, Korea, Malaysia, Indonesia, and China have been, in contrast to our government, so resistant to the American-prescription of blanket liberalization, there is a reason for this, and the reason is that state intervention in the area of trade--which included both judicious protectionism when it came to the domestic market and mercantilism (aggressively subsidizing their exporters) when it came to international markets--has been a central reason for their success. It is this factor--the creative role of state intervention in trade to correct the imperfections of the
international market and give one's exporters a leg up in international competition--that the introduction to the blueprint deliberately overlooks when it ascribes the East Asian industrialization experience solely to two sources: markets and technology.

Visionaries are said to be either geniuses or madmen, and given the realities of international economic realpolitik and the indispensability of interventionist trade policy management in the experience of late industrializers like its neighbors, the RP vision of "leading by example," of "going it alone" even if its Asian neighbors do not dance to Washington's siren song of liberalization is unlikely to be a stroke of genius.

This is the problem with technocrats who have not experienced what it takes to develop and keep one's economy afloat in a harsh world where established powers, like the United States, advance their corporations' interests by any means possible, be it GATT, APEC or unilateral measures like Super 301. These technocrats often have little or no understanding of the role of power in international economic transactions. As one observer once remarked, the difference between Filipino economists and technocrats and their Asian counterparts is that the Filipinos imbibe Chicago School free trade theory as academics and try to implement it when they get into government, whereas other Asian economists might praise free trade when in the company of the Americans and Australians but, in practice, they protect their economies like hell.

There is, however, one important APEC actor that will applaud the sentiments and policy proposals of "APEC: Catching the Next Wave," and that is Washington. For the proposals fall right into its game plan of having the Ramos government, as host of the 1996 Summit, put back on track the US' free trade agenda that was derailed by the Asian countries during the

Osaka APEC Summit last year.

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Undemocratic and Unrepresentative:
Japanese Government Plans for Manila

by Tomoko Sakuma, People's Forum 2001, Japan

Although the Japanese government is taking a leading role in the working groups of APEC, accessing information within Japan is an arduous task. Japan's Ministry of Foreign Affairs (MOFA) refuses to share even the slightest details of the Japanese "Action Plan" for the APEC Senior Officials Meeting (SOM) which was held in Cebu, on 22 May. Furthermore, official APEC information is not only kept from concerned groups, evidence shows legislators are eliminated from the APEC process as well.

What is known is that the "Action Plan", based on the principles of the "Action Agenda" adopted last year in Osaka, mirrors the typical unilateral "Asian Style" for trade and investment liberalization in the region. The Japanese Action Plan seems to be comprised of the National Deregulation Plan, and some other deregulation and
tariff reduction plans.

Unlike other government documents, Japan's National Deregulation Plan is open to the public. The plan seems to be based on policies outlined in MITI's (Ministry of International Trade and Industry) 1996 white paper. According to a MITI official, the APEC Action Plan also contains deregulation and tariff reductions, as well as cooperation plans not included in the National Deregulation Plan. The Deregulation Plan mainly targets the items particularly requested by the United States and the EU such as construction/development, finance, insurance, communication/broadcasting, pharmaceuticals, automobile/transportation, mutual recognition/imports (400 out of 1800 items are in this category) and a few commodities.

The Deregulation Plan also states that Japan should promote structural reform including new innovation to create new business opportunities and the increasing of R&D and investment. Actual increases of R&D has been for the private sector - meaning corporations are benefiting from government financed R&D. Another example of hidden subsidies is export insurance. While the government is promoting infrastructure building by the private sector, it is also supporting Japanese corporations financially by taking risks for them. PF2001 found that MITI's export insurance is financially devastating, as it has reached a one trillion yen (US$10 billion) deficit this year - and short-term loans of financial investment and loans

are
covering it. Under this system, financial management is not questioned by anyone.

APEC is steadily moving forward without citizen's or even legislator's participation and understanding. Although APEC is not a formal binding body like the WTO, there are heated debates within the APEC body regarding new clauses and articles. Unless critical analysis and lobbying takes place, Japan (and member countries) will lose necessary regulations to protect the environment, people's health, and marginalized industry, and instead, strengthen existing corporations.

APEC Economies Submit Economic Liberalization Action Plans at Senior Officials' Meeting in Cebu

by Walden Bello
FOCUS

In a Summit in November, senior officials from the 18 member economies of APEC submitted their "action plans" to achieve regional free trade at a meeting in Cebu, Philippines, May 20-23.

The plans were supposed to consist of specific and concrete commitments to realize the broad "action agenda" that was agreed upon in Osaka last year. Although Philippine Foreign Affairs Undersecretary Federico Macaranas called the submission of liberalization plans "a tremendous jump" for APEC, other sources were not so sanguine. One report in the _Nation_ (Bangkok) cited Thai officials who said that the plans were really only "frameworks," not specific commitments.

According to a report by Christopher Johnstone of the Japan Economic Institute in Washington, "The initial proposals vary considerably in their scope and specificity...Although the plans remain confidential, some generalized assessments became available. Australia and Japan, for example, reportedly submitted lengthy documents with fairly detailed proposals for action in each of 15 economic areas. Some APEC officials have hinted, though, that even these proposals leave room for improvement. The American proposal, too, is considered among the most complete of those submitted in Cebu, although it reportedly contains only sketchy coverage of certain areas--such as competition policy and trade in services. Plans submitted by Indonesia and the Philippines also received high marks."

However, Johnstone's sources described China's action plan as "not very detailed, providing only a general outline of Beijing's strategy for meeting the forum's goals. Thailand's proposal, too, addressed only a handful of the 15 areas...Some APEC officials also described Malaysia's initial offers as disappointing."

The plans will be assessed and compared at an upcoming trade ministers' meeting in Christchurch, New Zealand, in July. The Philippines, as host of this year's summit, is expected to do a preliminary comparison of the different action plans. However, sources in the Philippine Department of Foreign Affairs say that they do not have the resources to do this. When the presidential office was reportedly requested for funds to support this effort,
Jose Almonte, a key adviser to President Ramos, is reliably reported to have responded, "Just staple them together," referring to the action plans.

It is said that while Washington initially hoped to get comparable action plans with substantive concessions, it is now focused on getting agreements for liberalization on specific areas. For instance, US negotiators have proposed complete free trade on information technology, wood products, and nonferrous metals. US negotiators, together with Canada, Japan, and the European Union, are tabling a proposal to reduce the tax on information technology to zero by the year 2000.

Confusion over Formation of Two APEC Business Bodies

By Walden Bello
FOCUS

The business sector's participation in APEC has stepped up with the mid-June meeting in Manila of the newly formed APEC Business Advisory Council (ABAC). ABAC, which replaced the controversial Eminent Persons' Group (EPG), is composed of private sector luminaries from APEC's 18 economies, including Hong Kong magnate Gordon Wu and Robert Denham, chairman if Salomon, Inc.

The formation of another business grouping, however, has left some quarters in some confusion. The APEC Business Forum (ABF) was established largely at the instigation of Philippine President Fidel Ramos. Headed by Roberto Romulo, former Philippine Secretary of Foreign Affairs, the ABF was asked by Ramos to "draw up and design projects for private sector participation within the APEC community." ABF was described by one observer as "a dealmaking body that will target people like Bill Gates of Microsoft."

Some quarters, however, are not pleased with the establishment of ABF, reportedly because it is seen as a Philippine business initiative that encroaches on the turf of ABAC, which is the only business grouping anointed by member governments. John Wolf, a US official detailed to APEC, is reported to be vocal in his objections to ABF. Other critics faulted the designation of Robert Romulo as head of both ABAC and ABF as an effort to find a prominent position for a disgraced official. Ramos was forced to oust Romulo as Foreign Affairs Secretary in 1995 in the fallout over the execution of Flor Contemplacion, a Filipino domestic helper, in Singapore.

In any event, the ABF is emerging as the Philippines' main venue for regional business participation in the November summit. A regional business conference will be organized by the ABF Foundation, which is currently composed of the heads of local business groups, including the Makati Business Club, Management Association of the Philippines, Financial Executives Institute of the Philippines, Bankers Association of the Philippines, and the Federation of Filipino Chinese Chambers of Commerce and Industry.

REGIONAL ROUNDUP

Philippine Update

by Joy Chavez
FOCUS

Philippine Groups Hold National Summit on APEC

The Philippine Hosting Committee of the Manila People's Forum on APEC 1996 will sponsor the Philippine NGO-PO Summit on APEC to be held on 04-05 July 1996 at the Institute of Social Order, Ateneo de Manila University, Quezon City, Philippines.

The Philippine NGO-PO Summit carries the theme 'The Hidden Costs of Free Trade' and aims to meet the following objectives:

1. To study the implications of trade liberalization on the Philippine economy;
2. To identify options and alternatives necessary for policy reform agenda focusing on the impact on the environment, people's lives and communities; and,
3. For the Philippine groups to put forward substantial input in the formulation of the parallel NGO APEC agenda.

Invited to speak during the Philippine Summit are Representative Wigberto Tanada (APEC: Implications to the Philippine Economy), Dr. Walden Bello (FOCUS, to speak on APEC and Economic Globalization), and Mr. Ed Tadem (ARENA, on The Hidden Costs of Free Trade). Another expert will speak on Gender and Globalization. The Summit will feature six concurrent workshops on (1) growth and equity under a liberalized economy, (2) trade and people's rights, (3) trade and environmental protection, (4) free trade, employment, labor rights and security, (5) democratization and governance in a global economy, and (6) women's and gender issues.

Organizers hope that Philippine groups will be able to consolidate their positions and analyses on APEC as it affects Philippine social, political and economic life. They also consider the July Summit a crucial activity that will
facilitate the integration of the Philippine agenda into the international

NGO-
PO agenda on Asia Pacific Economic Cooperation and the APEC process.

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APEC Senior Officials' and Ministerial Meetings

The last APEC Senior Officials' (SOM) and Ministerial Meetings (MM) held in Cebu, Philippines in May 1996 were highlighted by contentious concerns and touchy issues. Particularly problematic were the discussions on membership, customs procedures and regulations, and the harmonization of the valuation system. The failure of the meetings to resolve much of these issues concretely and speedily pose a question on APEC's ability to consolidate its members' agenda towards its grand vision of free trade by the year 2020.

Experts Meeting on Environmentally Sustainable development/Financing Scheme

In preparation for the APEC Senior Officials' Meeting (SOM, 09-10 July) and the Ministerial Meeting (MM, 11-12 July) on Sustainable Development, an experts meeting was held on 06-07 June 1996.

The highlight of the meeting, which was attended by environment experts from the Asia Pacific region, was the recommendation that APEC economies introduce environment and natural resources accounting (ENRA) into their national income accounts. Aside from the adoption of the ENRA, the experts meeting also recommended that the July SOM and MM take up the following:

- utilization of market-based instruments in addressing market failures;
- sharing of information and expertise in promoting, adapting, and adopting innovative approaches to sustainable development;
- application of participatory approaches in planning, determinating, and implementing innovative approaches to environment and natural resources management;
- building the capacities of environment and natural resources users and managers in planning, determining, and implementing innovative approaches for sustainable development; and,
- complementing market-based instruments with regulatory measures to ensure optimal resource utilization.

Many creditor governments (from APEC) were silently hoping that the 'green aid plan' which includes debt relief instruments as the debt-fo--nature
swaps would be among the main items on the experts' meeting's recommendations.
However, since Japan is against the 'green aid plan', and any form of debt forgiveness for that matter, this hope was dashed from the very start.

Nevertheless, the recommendation to adopt ENRA in the APEC economies national income accounting is a bit of good news for many. But, as APEC is trying zealously to avoid the linking of trade with environment issues, it remains a big question how far this recommendation can go.
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Getting Rid of "Eyesores": Shades of Old?
from "APEC Watch #6", Manila

Philippine President Fidel V. Ramos instructed all Metro Manila mayors to rid the metropolis of so called "eyesores". Aside from strewn uncollected garbage and graffiti, these eyesores incidentally count warm bodies including street children, vagrants and slum-dwelling communities. The clean-up operation is in preparation for the countrys hosting of the APEC Summit in November this year.

On the one hand, the instruction should be a welcome development. Metro Manila residents can expect an intensified and regular garbage collection, speedy repairs of broken and defective pipes that cause flooding in the streets, and a generalized "clean and green" atmosphere. Urban poor communities can expect to be resettled to more friendly environs where they will have access to basic services. Street children meanwhile will be taken into the care of the Department of Social Welfare and Development.

On the other hand, Filipinos should be bothered by the telling statement of former Armed Forces chief Lisandro Abadia, Chair of the APEC Organizing Committee. Abadia was quoted by a local newspaper saying that the "challenge to our local leaders is the delicate handling and removal of the squatters from major routes to be used by the (APEC) leaders, including the squatters within the CCP complex... To have a festive atmosphere, street lighting should all be operating, and Christmas lighting should already be on by the first week of November..."

It is a big question whether President Ramos instruction really intends the protection of the welfare of Metro Manila residents. It is clear, however, that the Philippine Government will do everything at its disposal to ensure the pageantry entailed by the hosting of the APEC Summit. This is a grim reminder of the pomp that accompanied every major event hosted by the country during the time of Marcos. Wide walls were erected to screen the slums from sight; vagrants and beggars were unceremoniously rounded up only to be released to the streets again after the affair; and millions of pesos

spent to render cosmetic beauty to the city.

Sixteen thousand urban poor families, and thousands of beggars and street urchins, are expected to be affected by the presidential instruction.

US NGO Working Group on APEC - Preparing for Manila

by Ehito Kimura, Asia Pacific Center, DC

In response to the Philippines Hosting Committee's request for a collective US NGO contribution to the upcoming People's Forum on APEC in Manila, a US NGO Working Group on APEC was formed. On June 26, sixteen people representing a cross section of NGOs with substantive concerns about APEC (complete list of participants below) convened via conference call.

A major request of the Philippines Hosting Committee was for US NGOs to develop papers in each of the five major clusters set for the Forum; People's Rights, Labor and Migrant Rights, Economic and Social Development, Ecology and Environment, and Democratization. It was agreed that US NGO efforts on issues such as labor rights and environment might provide valuable lessons for a people's agenda in Asia, where as the US experience of grassroots economic and social development is less rich. Given that the US has influence and experience in some of the key issues/clusters and less so in others, the structure of the papers may differ accordingly. The tentative authors for the US issue papers are: Mike Jendrezejczyk (People's Rights), Pharis Harvey (Labor and Migrant Rights), John Cavanaugh (Economic and Social Development), Lyuba Zarsky (Ecology and Environment), John Gershman (Democratization and Governance).

A key topic of the US Working Group's discussion was how NGOs could best coordinate their efforts to influence APEC and maximize potential influence. In order to accommodate the diversity of issues, as well as to maximize effectiveness, a multi-track framework for education and advocacy was proposed.

The first track is citizen education and activism. Currently, US NGO coordination towards APEC is nascent, but has enormous potential. The Working Group has agreed to widen the network, and gather and distribute materials for the general public.

The second track is to influence US negotiating on the bi-lateral level. For example, there is no venue for discussion of human rights at the APEC Ministerial Summit, so the US NGO Working Group will attempt to influence policy makers prior to the conference in hopes they will raise the issue bi-laterally in their informal capacities at APEC or elsewhere. Unlike human rights, conference call participants indicated progress working within the structure of APEC on environmental issues such as marine

resources. On July 9-10 there will be NGO participation in the official US delegation to the APEC Environment Ministerial on Sustainable Development.

The third track is the development of a people's regional agenda. In partnership with Asian groups, US NGOs can actively contribute to an ongoing process of developing a just and sustainable region. This may be useful particularly in issues like economic and social development, and democratization and governance.

The Manila People's Forum has been an effective mechanism by which to have groups come together. From there, it will be important to maintain a structure within the diversity of groups. The established framework should be useful for the 1997 Vancouver Forum and beyond.

List of participants and their affiliations:

John Cavanaugh, Institute for Policy Studies (DC); Andrea Durbin, Friends of the Earth (DC); Monica Gupta, Friends of the Earth (DC); Thea Lee, Economic Policy Institute (DC); Misa Kenmiya, Public Citizen (DC); John Gershman, Institute for Development Research (Boston); Shalini Nataraj, Universalist Unitarian Service Committee (Boston); David Schoor, World Wildlife Fund (DC); Carol Sundupe, International Institute for Human Rights (Montreal, Canada); Pharis Harvey, International Labor Rights Fund (DC); Lyuba Zarsky, Nautilus Institute for Security and Sustainable Development (Berkeley); Jason Hunter, Nautilus Institute for Security and Sustainable Development (Berkeley); Victor Menotti, International Forum on Globalization (San Francisco); David Ortman, NW Friends of the Earth (Seattle); John Price, Institute of Asian Research (British Columbia); Ehito Kimura, Asia Pacific Center (DC).

The Asia Pacific Center in Washington DC has been designated the secretariat for coordination. The Center's role includes organizing conference calls, distributing documents, and coordinating NGOs to maximize output and minimize redundant efforts. For more information about the status of US NGOs and APEC, or if you wish to be a part, feel free to contact Ehito Kimura at the Asia Pacific Center, e-mail: apcjp@igc.apc.org, tel: 1 202 543 1094, fax: 1 202 546 5103 or John Gershman (jgershman@igc.apc.org) at the Institute of Development Research.

HIGHLIGHTS

'Free-Trade', Land and the Maori in New Zealand
by Aziz Choudry, GATT Watchdog

Maori lawyer Moana Jackson (Ngati Kahungunu, Nagati Porou) says "Colonial leopards rarely change their spots. They just stalk their prey in different ways." The GATT/WTO and APEC, and the 12 years of domestic

market reforms that have made Aotearoa/New Zealand one of the most 'structurally adjusted' economies in the Western world must be seen in a context of the ongoing colonization of Maori lands, lives, resources and futures.

The Treaty of Waitangi, signed between Maori (New Zealand's Indigenous population) and British Crown representatives in 1840 affirmed Maori their sovereign right of self-determination - and allowed Pakeha (European) settlers to govern their own lands. However, successive governments have interpreted the Treaty as a document of cession of Maori sovereignty to the Crown. Furthermore, when making far-reaching international commitments in forums like GATT (General Agreement on Tariffs and Trade) and APEC (Asia-Pacific Economic Cooperation), New Zealand governments fail to consult Maori or Tauiwi (non-Maori).

"Dispossessed of control over their economic base, and fighting for survival on the playing field of a colonizing culture, an overwhelming number of Maori people became dependent on the welfare state for jobs and income support. The state had made them dependent. Now, in the name of market freedom, it was about to kick that support away", writes Jane Kelsey, author and Auckland University law lecturer.

Since 1984, New Zealand's Labor and National governments have returned to the economic theories of the past, removing virtually all subsidies to industry and drastically lowering tariffs, causing huge job losses. The Business Roundtable, the organized lobby of big business, and the neoliberal ideologues in Treasury were elevated to the status of New Zealand's true visionaries. Tax cuts for the rich and big business accompanied benefit cuts for the poor, while the government rapidly moved to privatize and sell almost every area in which the state had a traditional stake. In the name of freedom, efficiency, international competitiveness and reducing foreign debt, the "invisible hand of the market" smashed open a highly protected economy. The dismantling of health, education and welfare, and labor market deregulation soon followed. The New Right revolution in Aotearoa has been called "Chile without a gun".

Maori have been strongly fighting the privatization of state-owned assets, based on the dispossession of Maori lands and resources in breach of the Treaty. Land was taken for schools, hospitals, railways, roads, and other public works. Many Maori people-centered community development initiatives have quietly challenged dominant market models held up as the only possibilities for improving the economy.

Domestic policy designed to make the country attractive to transnational capital, combined with international commitments to 'free-trade' and investment regimes, are intimately related to Treaty claims. Educationalist Graham Smith (Ngati Apa, Te Aitanga A Hauiti) calls the Treaty a significant 'structural impediment' to the new global economy and further asset sales which the OECD and other exponents of neoliberal theory call for. Once in private and transnational hands, it is far harder for Maori to regain control over their lands and resources.

Maori concerns about the GATT/TRIPs (Trade-related Intellectual Property Rights) regime and renewed threats to indigenous intellectual property have been widely expressed. With increasing pressures to harmonize intellectual property laws and growing commercial interest in traditional knowledge, Maori knowledge and native plants are already being targeted by TNCs (transnational corporations).

Recently, Moana Jackson stated, "GATT is a direct denial of the rights of Maori as stated in the 1835 Declaration of Independence and as reaffirmed in the Treaty of Waitangi [and] is also a continuation of the 'New' Right policies of individualized monetarism which have done so much damage to the collectivity of Maori throughout colonization." In November 1994, the pan-tribal Maori Congress rejected the Crown's ratification of GATT, exempting member tribes from its provisions. It criticized the Government for overstepping its Treaty responsibilities and democratic mandate by not seeking the public's consent before signing.

Graham Smith wrote, "Historically the same processes of commodification were used by Pakeha to access Maori land. This was achieved through the individualization of Maori land titles, i.e. to commodify or 'package up' what were collective or group held titles into individual holdings in order to
facilitate their sale to Pakeha under Pakeha rules and custom." Of the country's 66 million acres, only 3 million remain in Maori hands.

The shock of New Zealand's radical reforms has led to a growing number of Pakeha who feel betrayed, disenfranchised, and alienated. Kelsey describes the dominant Pakeha identity: "fostered by the political and legal institutions of the colonial state [it] combined settler supremacism with the complacency of welfare democracy. The global free market threatened that identity".

In late 1994, the government unveiled its 'fiscal envelope' policy, a NZ $1 billion take-it-or-leave-it deal, seeking full and final settlement of all Treaty
claims with Maori. This reduced all colonial injustices to a sum of money -- what's more, an inadequate amount. The Te Ika Whenua claim to the Kaingaroa forest in the central North Island alone is estimated to have a monetary value of at least NZ $5 billion. This 20th century blanket and beads solution was emphatically rejected by Maori throughout New Zealand. During 1995, land occupations, protests and decolonization work among the ever increasing politicized Maori put the issue of Maori sovereignty in the headlines. The fiscal envelope is a Treasury-created plan to wipe out Maori opposition to the further sale of New Zealand to transnational interests as swiftly as possible.

Eager to attract investment and be seen as a driving force in global economic integration, the government gives investors guarantees of open access to lands and resources -- often Maori territories -- deregulating the economy at an even greater pace than demanded by GATT and APEC. Jackson sees the government as a 'neo-colonial harlot', prostituting itself for the highest

investment price. "Unfortunately the assets with which it prostitutes itself belong to Maori". Between 1988 and 1993, New Zealand led the world in sales of state-owned assets, often at fire sale prices, to overseas investors - some NZ $14 billion or 3.6% of the annual GDP. From 1987 to 1994 the Overseas Investment Commission refused only four of 7,100 applications to purchase New Zealand assets. Ngati Pikiao lawyer Annette Sykes challenged potential overseas investors and development bankers during last year's ADB meeting in Auckland: "It's about time you sat down and talked to us because the present illegal government has no warrant to deal with resources, neither for the past, nor the present, and certainly not for the future..."

Neoliberal politicians and businesspeople have labeled as "racist" criticism of the rights of foreign companies to invest in New Zealand. Such "trade-related anti-racism" does not extend to concern for Maori rights. Maori nationalists have been demonized in much of the media and targeted by the state for their views and actions, scapegoated for various real or perceived social and economic ills, and even threatened with sedition charges for statements opposing foreign investment.

The majority of New Zealanders are suffering from the erosion of their political, legal and economic sovereignty. For Maori, this is nothing new. Maori resistance and demands for self-determination warrants a hard look at New Zealand's 'free-market' agenda. New Zealanders cannot afford to stand by and watch this new wave of colonization of indigenous peoples, their land and resources. Genuine alternatives to corporate rule and inhumane models of development cannot be created without addressing the issue of indigenous sovereignty.

RESOURCES

Available Publications from the APEC Secretariat in Singapore

1. Foreign Direct Investment and APEC Economic Integration, (Economic Committee, 1995) Price: S$30; US$20

This publication describes foreign direct investment trends in APEC and discusses the effects of these flows in terms of strengthening trade, financial and technology linkages among APEC economies. It includes tables with data on FDI and related indicators.

2. 1995 Report on APEC Regional Economy: Performance, Structure Outlook and Tasks, (Economic Committee, 1995) Price: S$25; US$15

The 1995 APEC Economic Outlook focuses on the strong macroeconomic performance of the APEC region in recent years and the deepening of economic interdependence within the region through growing trade and financial linkages. It includes tables showing economic indicators of APEC

economies.

3. Survey of Impediments to Trade and Investment in the APEC Region, (Committee on Trade and Investment, 1995) Price: US$30

This survey provides an overview of the major impediments to trade and investment among APEC member economies. It analyses the major types of impediments including tariff and non-tariff barriers, affecting trade in goods and services, and the impediments to investment.

4. Deregulation and Liberalization Initiatives of the APEC Member Economies, (Committee on Trade and Investment, 1995) Price: Free

A compilation of the APEC member economies deregulation initiatives which includes unilateral measures, measures related to GATT/WTO Commitments, potentials, benefits to the economy and future directions.

5. Compendium of Renewable Energy Programs and Projects in APEC Member Economies, (Regional Energy Cooperation Working Group) PriceS$15; US$10

This provides a comprehensive picture of various renewable energy (RE) programs and projects in APEC member economies. Each chapter gives an energy overview of a member economy, the regulatory/policy environment, the availability of RE resources, current RE programs and representative RE projects.

6. Selected APEC Documents 1995, (APEC Secretariat, 1995) Price:S$30; US$20

This is a compilation of documents from the major APEC meetings held in 1995, including the Leaders Declaration for Action, the Osaka Action Agenda and the Joint Statements from the Finance, Telecommunications, Transportation, SME and Science and Technology Ministerial Meetings.

7. Survey of Commercialization Strategies for Energy Efficiency and Conservation Technologies, (Regional Energy Cooperation Working group, 1995) Price: S$30; US$20

This survey identifies commercialization strategies for energy efficiency and conservation technologies and assesses the relative cost effectiveness of specific commercialization strategies and their applicability in nine APEC member economies.

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