

GREENPEACE

The 6th WTO Ministerial Conference is set to take place in Hong Kong, China from the 13th to 18th of December 2005. After the collapse of the last Ministerial meeting in Cancun in 2003, governments aim to ensure at Hong Kong, that the “Doha Round” can be completed by the end of 2006. Governments will go out of their way to avoid a collapse of the negotiations as happened in Cancun. **But if governments fail to agree a substantial deal in Hong Kong, their global trade liberalization agenda will be in serious trouble.**

A triumvirate of issues will dominate discussions at Hong Kong: agriculture, non-agricultural market access (NAMA) and services. Governments will only be able to agree on anything at all, if there is movement in *all* these three areas.

The Doha round has been coined the “Development Round” by its proponents. But two years after Cancun, development at the WTO is still only rhetoric. We are witnessing weak offers by the main industrialized blocks (the US and the EU) on agriculture, being linked to aggressive demands for the opening of developing country markets for goods and services produced by industrialized nations. Developing countries should stand firm and reject these demands. **No deal is better than a bad deal.**

Greenpeace calls on governments to be bold in Hong Kong. Rather than press forward with free trade at all cost, they should **initiate a complete social and environmental review of the global trade system.** On the basis of this review, a new trading system must be built: One that has equitable sustainability at its heart.

Agriculture and the WTO: no economic, social and environmental dumping

The promotion of sustainable agriculture – the kind of farming that does promote equity and food sovereignty – poses fundamental challenges to the WTO system. For many farmers in the developed and developing world, sustainable farming practices are simply incompatible with the kind of trade in bulk commodities and the globalized food market that is supported by the WTO. There are many successful examples of sustainable agricultural and the practice of sustainable farming is fundamentally local in nature. Whether it is the increase of potato yields in Bolivia, the promotion of strategic rice intensification (without GM varieties or increases in chemical or water use) or even sustainable cotton farming in Texas, USA, the value of global agricultural markets is challenged by the success of sustainable farming options¹. Local food production and food sovereignty are increasingly hampered by the centralization of control of the food supply by a handful of global corporations. Seed suppliers have merged with agro-chemical companies, effectively dominating the world food system.

The WTO acts to expand the reach of agribusiness. Instead, **international trade rules on agriculture must be re-oriented towards serving the goals of sustainable agriculture and enhancing the rights and livelihoods of local communities engaged in food production.** As a first step, the current US and EU proposals on agriculture should be

¹ A number of successful examples can be found on www.farmingsolutions.org

rejected. The US proposal is linked to massive market access demands, which would allow US agri-businesses to continue destroying local production in the developing world. The EU offers an eventual phase-out of agricultural export subsidies, which lead to the dumping of EU agricultural produce around the world, but links this to market openings for services and NAMA that would damage people and the environment (see below).

Greenpeace calls for an end to all agricultural subsidies, which result in the dumping of agricultural products on world markets and which fail to meet strict social and environmental objectives. Neither economic nor social or environmental dumping is compatible with food sovereignty and sustainable farming.

Greenpeace calls for the immediate phase out of all export subsidies. Developing countries, least developed countries and countries with economies in transition must be given the flexibility to define agricultural food policies that are appropriate for their development path and in line with *their* policy objectives. For example, they should be allowed to maintain appropriate levels of tariff protection in order to support local production; have recourse to swift and simple safeguard provisions; and be able to utilize quantitative restrictions and countervailing duties, including against subsidized imports. Developing countries and in particular the G20 should also demonstrate social and environmental responsibility and not reproduce the destructive model favouring agrobusiness and commodity traders at the expense of family farmers, landless people, food workers, consumers and the environment. Brazil's and the G20's current proposals at the WTO, for example, will benefit mainly rich farmers rather than delivering sustainable rural development.

Free trade, forced trade – reject the US case on GMOs

In 2003 the US, together with Canada and Argentina, started a case against the EU's restrictions on genetically modified organisms (GMOs), including a number of national GMO bans. The WTO has postponed the ruling in this case to 2006 in order to focus on the preparations for the Hong Kong Ministerial. We can only speculate, if the WTO also wanted to avoid negative headlines - further eroding its legitimacy - before Hong Kong. The GE case² highlights how free trade is being pursued via the WTO at the expense of human health, consumer rights and environmental protection. It also starkly highlights the power of the corporate lobby within the WTO context. The US, Canada and Argentina are trying to use the WTO to force open new markets for their genetic engineering multinationals.

Despite the US's WTO assault, the Cartagena Protocol on Biosafety came into force on the 11 September 2003. The Protocol is the first legally binding global agreement that affirms the sovereign right of countries to reject GE on the basis of the precautionary principle. The WTO must be prevented from undermining the Biosafety Protocol, particularly as there is a notable lack of conclusive research on the safety of GMOs. The

² For more background compare: Greenpeace, *The US Assault on Biosafety*, October 2005, see <http://www.greenpeace.org/international/news/gmo-lamy>; the Amicus brief submission by Greenpeace and 14 other organizations, at http://www.field.org.uk/tisd_10.php; and the "Bite Back" campaign, www.bite-back.org.

GE trade dispute is a clear example of why there is a need for reorientation of the global trade system towards sustainable development. **Greenpeace urges countries to reject the attempt by the US to force GM foods on the rest of the world, and instead, to ratify and implement the Cartagena Protocol on Biosafety immediately, if they have not yet done so.**

Non Agricultural Market Access: Nature for Sale?

"Non-agricultural market access" (NAMA) stands for nothing less than the attempt to place all traded goods under the boot of WTO market liberalization. Greenpeace, together with many development advocates, rejects the current NAMA negotiations³ (which are often referred to as "industrial goods" negotiations).

The NAMA proposals put forward by developed nations, will increase poverty and underemployment in developing countries⁴. Rapid cuts in industrial tariffs will result in deindustrialization and set back the development of vulnerable developing economies. Developing countries should therefore reject developed nations demands under NAMA and should resist any link of overdue offers in agriculture, such as the elimination of export subsidies, with further market openings in developing countries.

The current NAMA negotiations mainly serve the interests of corporations in developed countries to open up additional markets for their products. While this is often overlooked, many sensitive environmental sectors are covered under NAMA! Electronic goods, chemicals, forest products and fish are all lined up for massive tariff cuts or even tariff elimination. The removal of "non tariff measures" (NTMs), which include import bans or the labelling of products, are also part of the current negotiations.

The logic of the NAMA negotiations is simple. Improved market access for non-agricultural goods should make them cheaper and thus increase demand. Increasing production and promoting trade are equated with development. However, production methods of goods are today often highly unsustainable. Falling prices, increasing demand and higher production therefore all too often lead to a greater destruction of the environment! More electronic goods being traded, for example, will result in more electronic waste being dumped in scrap yards in developing countries, such as China, as long as proper social and environmental regulations are not in place⁵. The local communities and the environment are the losers. Greenpeace therefore rejects calls by industry and some governments to eliminate all tariffs on electronic goods at Hong Kong. Trade liberalization in forest products, as a Sustainable Impact Assessment by the European Union⁶ shows, will similarly result in more demand for unsustainably sourced timber. Trade liberalization will also make creating the necessary regulatory framework

³ For a more detailed analysis of the environmental impacts of NAMA, compare Greenpeace, The NAMA Drama, 2005, <http://www.greenpeace.org/international/campaigns/trade-and-the-environment>

⁴ See, for example, War on Want, The Doha Deindustrialization Agenda, 2005, or Action Aid, Bound and tied, 2005, both at www.namawatch.org or TWN Info Service, NGOs and Trade Unions criticize NAMA framework during WTO Symposium, <http://www.twinside.org.sg/title2/twninfo212.htm>

⁵ For further detail, request our CD on "The real face of free trade", via tradeinfo@int.greenpeace.org

⁶ See http://www.sia-trade.org/wto/ForestDraftFinalReport_v1_2_270205.pdf

for sustainable timber trade more difficult⁷. Furthermore, labels such as the Forest Stewardship Council label, have been attacked as part of the non-tariff measure negotiations under NAMA. The FSC label ensures that wood comes from sustainable production.⁸ It should be recognized as valuable consumer information, rather than put into question in the pursuit of free trade at all cost.

Fish and fish products have higher tariffs than many other NAMA products. A cut in tariffs would therefore increase the overexploitation of marine resources. It would also undermine the ability of developing countries to earn foreign exchange through the trade of fish.

The environment must not be put up for sale at Hong Kong. **Greenpeace demands an immediate halt to the NAMA negotiations. Plans for liberalization in ecologically sensitive areas - such as forest products and fisheries - must be abandoned, as negative impacts are proven or likely.** At Hong Kong, governments must agree a comprehensive social and environmental review of NAMA.

Services

The General Agreement on Trade in Services (GATS) extends way beyond mere rules about trade in services. Some seventy per cent of foreign direct investment is already taking place under GATS, making it effectively a multilateral investment agreement. Liberalization of critical public service sectors, such as utilities or environmental services are disquieting. The liberalization of water delivery (including drinking water) and waste water management will open up new developing country markets for European and other water multinationals, but risks to curtail the “policy space” of developing country governments in these sectors (such as the right to control price increases, or to demand socially responsible pricing systems in order to ensure access to clean drinking water).

There needs to be a complete social and environmental review of the GATS agreement. Until such an assessment has been completed and incorporated into policy, Greenpeace calls for a halt of the GATS negotiations. Greenpeace also opposes the proposal by the EU to create “benchmarks” for GATS offers and thus put further pressure on countries to open up more sectors to liberalization.⁹

Instead of pushing forward with GATS, governments should agree a legally binding global instrument on corporate accountability and liability outside of the WTO. Governments must create global rules establishing enforceable social and environmental obligations for corporations, based on the UN Norms for Business on Human Rights.¹⁰

⁷ See Greenpeace, Trading away our last ancient forests, 2005, <http://www.greenpeace.org/international/campaigns/trade-and-the-environment>

⁸ See <http://www.fsc.org>

⁹ For further civil society demands on GATS supported by Greenpeace, see <http://www.tradeobservatory.org/library.cfm?refid=73163>

¹⁰ See <http://www.globalpolicy.org/reform/business/2004/07gcstatement.pdf>

GREENPEACE POSITION ON OTHER ISSUES ON THE TABLE

Trade and environment

Rules that protect people and the environment, such as multilateral environmental agreements (MEAs), must take precedence over WTO rules. The Doha mandate is often said to “clarify” the relationship between MEAs and the WTO. In reality, the mandate only allows the relationship between trade rules and MEAs to be looked at in a very narrow fashion (and falls way short of what environmental organizations demanded at Doha in 2001). The scope of paragraph 31 only covers “existing” WTO rules, specific trade obligations (STOs), and only parties to an MEA. Asking the WTO to clarify the relationship between its own rules and those of other bodies of international law is like putting the fox in charge of the chickens. **Greenpeace calls on governments to move these discussions to an independent forum. Alternatives to the WTO do exist.** The International Court of Justice and the United Nation’s International Law Commission are, for example, more appropriate institutions to clarify the WTO/MEA relationship because of their broad expertise, the transparency of their process and their independence from particular interests¹¹.

As a first step, governments must ensure, that they do not mandate the WTO to:

- Set rules or criteria that might in any way define or restrict the use or national implementation of any trade measures agreed to in MEAs;
- Define a set of MEAs, or a set of trade measures, that are WTO-consistent thereby making others WTO-inconsistent regardless of their merits.

Governments must also grant UNEP and the Secretariats of MEAs with trade-related provisions, objectives, or obligations, permanent observer status in all relevant bodies of the WTO.

Environmental Goods and Services

Improved market access is also demanded for environmental goods and services in the current trade round. The market volume for environmental goods and services is estimated at 550 billion US dollars and is expected to increase to 600 billion dollars by the year 2010. Negotiations on environmental goods are carried out in the NAMA negotiation group as well as the negotiation group for the General Agreement on Services (GATS). At first glance, improving market access for environmental goods and services would appear to be an area of liberalization to be welcomed from an environmental perspective. After all, Greenpeace wants to see goods such as windmills spread across the globe as fast and easily as possible. But the environmental goods and services negotiations feature ruthless economic interests cloaked in a mantle of greenery. Economic growth is the focus of the negotiations rather than environmental goals. It also remains unclear what constitutes “environmental goods”. Since 2001, various WTO-Members have introduced widely differing proposals to classify and define “environmental goods”.¹² Many countries have presented lists of what they deem to be

¹¹ See Friends of the Earth Europe, Adelphi Research, Greenpeace, Is the WTO the only way?, http://www.foeeurope.org/publications/2005/alternatives_wto.pdf

¹² An overview of the WTO Submissions environmental goods and services can be found at

environmental goods. However, there is little agreement between these lists – and in some of them, technologies of significant ecological concern, such as waste incinerators, are put forward as "environmental goods". India has suggested an alternative to the list approach: an overall project approach. In this approach, projects that meet certain criteria would receive preferential treatment for a certain period. So far, however, India's approach has gained little support. Should governments agree to take the list approach further, there will be difficulties when it comes to specifying the details of the lists, including avoiding preferential treatment for out-dated end of pipe technologies.¹³

Greenpeace therefore calls for a social and environmental assessment of the environmental goods and services negotiations.

TRIPS, CBD and the International Treaty

Governments must ensure the protection of farmers', indigenous peoples' and local communities' rights over plant genetic resources and associated knowledge. This includes farmers' rights to conserve, exchange and reproduce seeds. Trade rules have to allow for the banning of patents and other Intellectual Property rights (IPRs) on all form of life. Traditional and indigenous knowledge must be protected against biopiracy. As a first step, the TRIPS agreement must respect development and biodiversity goals and the Convention on Biological Diversity and its Protocols, as well as the FAO International Treaty on Plant Genetic Resources for Food and Agriculture.

TRIPS and Health

Patents are one factor limiting the access to life-saving medicines for many people in developing countries by increasing the price of medicines to unaffordable levels for most people suffering from HIV/AIDS, tuberculosis, malaria and other epidemics. In 2001 WTO members (re)stated "that the TRIPS Agreement does not and should not prevent Members from taking measures to protect public health" and should "promote access to medicines for all" through allowing developing countries to grant compulsory licences for drugs. They also defined the need of finding a solution for countries with insufficient or no manufacturing capacities in the pharmaceutical sector could face difficulties in making effective use of compulsory licensing under the TRIPS Agreement. However, WTO members - no doubt influenced by the interests of pharmaceutical industry - have failed to amend the TRIPS agreement to ensure that poor people can gain easy access to affordable drugs everywhere. This scandal must come to an end.

Fishing subsidies

Governments must agree to phase out subsidies that contribute to excess fishing capacity, overfishing and unsustainable fishing practices, whilst allowing those which promote sustainable fisheries. Free trade rules must not be allowed to impede the establishment of an effective environmental governance system for our seas¹⁴.

<http://www.trade-environment.org/page/theme/tewto/para31iii.htm> .

¹³ For a full list of problems, see Greenpeace, The NAMA drama,

<http://www.greenpeace.org/international/campaigns/trade-and-the-environment>

¹⁴ See Greenpeace, Freedom for the Seas, at

<http://www.greenpeace.org/international/press/reports/freedom-for-seas>

Regulations for the environment, not free trade at all costs!

Greenpeace supports a multilateral, rules-based trade system, but it must be one that has equitable sustainability at its heart. The global community must put an end to policies that promote the destruction of ecosystems and human well-being. Greenpeace calls on countries to support a thorough assessment of the rules governing the international trade system in order to re-orient this system towards achieving equity and sustainability. Such an assessment should be carried out in a neutral forum, preferably the UN, which is better placed than the WTO to address complex issues in a balanced fashion. **International trade rules must shift in focus from trade liberalisation as the end goal to the promotion of environmental and social well-being.**

Specific elements of an equitable and sustainable trade system should include *inter alia*:

- **Equitable sustainability as end-goal:** the global trade system needs to acknowledge ecological limits and prioritize social as well as economic welfare.
- **Precautionary principle:** the precautionary principle should be fully incorporated into global trade rules, as it has been into the Rio Declaration (1992) and other international instruments and declarations.
- **Transparency and Democracy:** the system needs to be fully transparent and open, including broader consultation with all governments, as well as civil society. Exclusive “Green Room” meetings as well as mini-ministerials must end. Documents should be declassified quickly and opportunities for public scrutiny, and accountability measures for governments and multinationals must be ensured.
- **Development as core business:** the needs of developing and least developed countries must be fully taken into account, including through allowing market protection measures, where necessary, in order to build up strong domestic economies and promote important development objectives such as food security, local livelihoods, and resource conservation. Rules must reflect the different development paths of countries, and provide greater policy flexibility and policy space, especially to the poorest.
- **Special and differential treatment (SDT) and Implementation:** Implementation and SDT provisions for developing countries must be fully incorporated and operationalized in all global trade agreements.
- **An international legally binding instrument to ensure corporate accountability and liability.** Governments must create global rules establishing enforceable social and environmental obligations for corporations.

Governments at Hong Kong face a choice. They can either push forward with further trade liberalization ignoring the negative social and environmental impacts, or they can initiate a proper social and environmental assessment of the global trade system. Based on such a review, a new trade system must be built: One that has equitable sustainability at its heart.

Only if governments take this urgent step, can Hong Kong be described as a “success”.

For further information, contact: Daniel Mittler, Trade Policy Advisor, Greenpeace International, daniel.mittler@int.greenpeace.org, +49 171 876 5345
www.greenpeace.org