

What exactly is global trade?

Global trade refers to the act of buying and selling goods and services between countries. Because “globalisation” has made the world a much smaller place, these goods and services can travel further and faster so that – for instance – products from all over the world can be found at your corner shop. This can be anything from fruits and vegetables, to cars, banking services, clothing, and bottled water. The scale and pace of this kind of trade has only increased over time, and has become a very powerful tool. International trade is considered a prime driver of how well a country develops, and affects very much how well the economies of different countries are doing.

But trade is not always equal. It is not just a tool, it can also be a weapon. Countries can put restrictions – known as tariffs – on goods from other countries, making those goods less competitive than goods from their own country. Another thing that can be done is subsidising domestic businesses. This means that governments give money or other forms of support to local or domestic businesses, to make sure that they produce as much as they can. This can allow unsuccessful and inefficient businesses to do well, since they receive all kinds of government support. And while these businesses continue to grow, smaller or local producers, especially in many poorer countries – those that need support the most – are being destroyed because they simply can’t compete. Any measure like this is called “protectionist,” since it has the effect of closing off a country’s markets to goods from other countries by making foreign goods more expensive and therefore less attractive to consumers. Many wealthy countries in Europe, as well as the US and Japan, use these tactics to support their own domestic economies, making it impossible for smaller, or less developed countries to gain a foothold in the global marketplace.

As they go about protecting and closing off their own markets, many of these very same countries are creating a double standard, by forcing other countries to open up their markets. The act of opening up economies is known as “free trade” or “trade liberalisation.” Trade liberalisation means opening up markets by bringing down trade barriers such as tariffs. Doing this allows goods and services from everywhere to compete with domestic products and services. Usually, liberalisation benefits the larger, wealthier countries whose big companies are looking to expand and sell their goods abroad. And the one sector where developing countries have the most to gain – agricultural goods – is where the wealthier countries maintain the highest level of “protection” of their own markets.

All in all, the set-up of global trade rules makes the system work best for those countries who are already rich, while increasing the gap between them and poorer countries who are already struggling to compete.

Why does Greenpeace work on trade issues?

Since its early days, Greenpeace has campaigned globally to protect the global commons (e.g.: oceans, climate/ozone, nuclear disarmament) on issues of concern to everyone (e.g.: saving ancient forests, phasing out toxic substances, GMOs, etc.). Likewise, Greenpeace has worked on specific aspects of international trade since the 1970s, to try to limit its impact on the environment. One example of this was our work

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on banning the international trade in endangered species, and the export of hazardous wastes and nuclear materials. Greenpeace was in many cases instrumental in achieving international agreements banning or controlling polluting and destructive trade practices.

However, since the 1990s, and in particular since the creation of the WTO, international environmental agreements have been under threat from the international trading regime. Increasingly, trade rules and practices under the WTO have been used to undermine environmental standards, and human health and well-being.

Greenpeace opposes the current form of globalisation that is increasing corporate power. Free trade at all costs is also leading to the overuse of natural resources, more pollution as we produce and consume more, and greater inequities both among and within countries.

Greenpeace campaigns to bring the concerns of citizens all over the world to the decision-makers at the WTO. We promote global environmental standards and oppose the double standards shown by transnational corporations. We advocate a global trade regime that truly works for all, and that can preserve and restore the environment. As agreed at the Rio Earth Summit in 1992 and again at its ten-year anniversary Conference in Johannesburg in 2002, governments must work to achieve sustainable development. This means integrating three things: environmental, social and economic priorities. This is where Greenpeace comes in: we will continue to campaign to ensure that governments and international institutions operate in an environmentally and socially responsible manner.

What is the WTO?

The World Trade Organization (WTO) came into existence in 1995, after a long series of negotiations that took place between countries from 1986 to 1994. It is the follow-on to the old General Agreement on Tariffs and Trade (GATT), a set of global rules that governed trade in goods. The GATT was in existence for fifty years already, when the WTO was negotiated. The WTO is another word for what is known as the “multilateral trading system” because it is the body of law that governs how trade between countries is carried out. There are currently 146 member countries of the WTO.

The WTO is made up of a series of agreements. It incorporates the old GATT agreement, but is much broader than that. While the GATT only focused on trade in goods, the WTO also sets trade rules for all sorts of other sectors such as trade in services, agriculture and textiles. The WTO is also made very powerful because it has a way of settling trade disputes that is legally binding and can allow a country to impose massive monetary sanctions on another country that is found to have broken a WTO trade rule. There is no other global dispute settlement mechanism for other bodies of law (such as environmental law) that can compete with this system. What this means is that some countries prefer using the WTO to settle disputes for all sorts of different disagreements, instead of going through other, sometimes more appropriate avenues. This gives the WTO a very broad power, and not just on trade issues. Some WTO disputes have ruled on issues such as environment and human health. The WTO is one of the most powerful institutions in the world, with wide reach and impact.

Meetings of Ministers are held at least once every two years. At these meetings, decisions are taken that are legally binding on countries, and negotiations take place

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on a variety of different issues. This year, the 5th round of WTO trade talks will take place in Cancun, Mexico from 10-14 September 2003. The first four such meetings were held in Singapore (1996), Geneva (1998), Seattle (1999), and Doha (2001).

Even though the WTO is a fairly new institution, there has been public skepticism and concern about how it functions since the beginning. The public doubt became public outrage when, at the 3rd Ministerial Conference in Seattle in 1999, around 50,000 people showed up at the meeting to protest how unfairly the WTO works and what it was doing – and continues to do – to the environment and human well-being. Eventually, the negotiations in Seattle fell apart, leaving the meeting a complete failure.

Was this the end of the WTO? No. Instead, the organisation chose to hold the next meeting in the more remote city of Doha, Qatar, a ploy to ensure that the disaster of Seattle would not be repeated. In Doha, in fact, far fewer NGOs were present – exactly the goal of the WTO. Governments also tried to change the outlook of the WTO, by agreeing to a “development agenda” that would be able to deliver economic benefits to developing countries in Africa, Asia and the South Pacific, and Latin America. There were promises made to developing countries, such as giving them greater access to life-saving medicines, as well as greater access to markets for their agricultural goods (anything from produce, to cotton, coffee and other crops that form a big part of some developing country economies).

Because of the focus on these “development” issues, the Doha trade round was nicknamed a development round. This is ironic, as these are the very same issues where there has been the greatest controversy among countries on the road to the Cancun meeting. What is worse, some countries are now trying to backslide on commitments that were already agreed in Doha. For instance, despite the fact that countries agreed by consensus to make medicines available to developing countries, the US continues to block an agreement.

So far, the promises made in Doha have not been fulfilled. Developing countries continue to operate at a disadvantage in the world of global trade and commerce.

Purpose of the WTO

The WTO is the body that oversees global trade in goods and services. It states that its overriding objective is to help trade flow smoothly, freely, fairly and predictably. In order to do this, it administers its trade agreements, it acts as a forum for new trade negotiations, it settles trade disputes between countries, and it reviews the trade policies of its members.

But what does it do really?

The WTO is often used to push the agenda of a select few countries and country blocs, such as the US, the Europe Union (which includes 15 countries), Japan and Canada. The majority of WTO members are developing countries from Africa, Asia/Pacific and Latin America, although many of them have little say in decisions that are taken. The WTO will tell you that decisions are taken by consensus, and everyone has the same vote, so to speak. But the reality is quite different. Many smaller countries are blocked from entering meetings, and don't have enough to offer from an economic standpoint to have any real power. And the wealthier countries tend to be the most influenced by their big companies – looking for ways to help them make more money. Even though Greenpeace and many other NGOs campaign to

bring environmental, social and development concerns to decision-makers, it is the corporations that have the most sway with many governments.

The WTO agreement also requires that members use the world's resources in accordance with the objective of sustainable development. Sustainable development requires that three priorities are balanced: environmental, social and economic. It means that resources must be used with a view to ensuring that they are available for future generations. World leaders have come together a number of times and agreed to achieve sustainable development. This has been a key goal since the United Nations Conference on Environment and Development (the "Rio Earth Summit") in 1992, and was reaffirmed at the ten-year anniversary of the Rio Earth Summit – the World Summit on Sustainable Development held in Johannesburg, South Africa (September 2002).

How does the objective of sustainable development stack up with the free trade agenda of the WTO?

Not very well, unfortunately. Free trade wins every time. As countries compete to trade more, production has increased, and the use of natural resources has gone in one direction – up. Forest and fisheries resources are being used up, and river basins are being sold off one by one to private drinking water companies. And other massive multinational companies continue to try to expand operations at all costs, such as mining companies, oil and gas, pharmaceutical industries, and agri-business companies who are pushing genetically modified foods. The goal is making money – not keeping our planet, and those who live on it, healthy in the long term.

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