

Why is the WTO a problem?

The free trade agenda takes priority over other important global goals

The WTO – since it came into being in 1995 – has made the promotion of **free trade** for the gain of private interests the ultimate goal, over and above all other social, public and environmental objectives. The system is fatally flawed: a properly functioning trade system should set the conditions for peace, security and sustainability. Instead, the WTO sees the promotion of trade as the key goal. For instance, the Doha trade talks, despite being labeled a development round, has failed to improve significantly and to take seriously the need to give priority to sustainable development and environmental policy. Issues that are most important to poorer countries have continually been stalled, with no progress in negotiations. This is creating a crisis of legitimacy for the WTO.

It is threatening the environment

The WTO does not properly balance environmental, social and development priorities, despite its founding agreement which legally binds all countries that are members of the WTO to use the world's resources in accordance with the objective of sustainable development. But the true agenda puts trade liberalisation on the highest pedestal, with wealthy countries seeking to gain global economic advantage. Some specific examples include:

1. Free trade is accelerating the use of natural resources such as water, forests, fisheries, and minerals, much faster than they can be regenerated.
2. The precautionary principle, a fundamental principle of environmental health and security and one of the Rio Principles agreed at the highest political level at the United Nations Conference on Environment and Development (1992, Rio), is being directly threatened by the recent US case against the EU on genetically modified foods.
3. Trade rules can undermine environmental rules, laws and regulations. This is largely because of the threat of huge monetary sanctions for breaking WTO rules. Because of this, countries are less likely to take action under certain global environmental agreements.
4. Where trade and environmental rules conflict, trade rules tend to win out. For example, the WTO may be used to limit the use of environmental labels such as the Forest Stewardship Council (FSC) label which – if it appears on a product – confirms that the product has come from a “sustainably managed” forest. The problem is that these labels can be considered “discriminatory” under WTO rules. If they are used by a country, that country could become subject to trade sanctions, which means that it is less likely that the environmental label will be used.
5. Sometimes, trade rules and environmental agreements come into conflict. Some countries have tried to get an agreement under the WTO and elsewhere that

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where there is such a conflict, the trade rule should take priority. This result would seriously damage the strength and effectiveness of many environmental agreements that exist, including for instance the Kyoto Protocol which took years of hard fought negotiations. The Kyoto Protocol is the major tool to fight dangerous climate change, but it could come into conflict with trade rules. What then? At the next meeting in Cancun, governments will be discussing this very issue. This is why Greenpeace is against having discussions on trade and environment take place at the WTO, which is a totally biased forum in favour of trade and finance.

It is being used to force-feed the rest of the world genetically modified foods

On May 13, 2003, the US government filed a complaint under the WTO's dispute settlement process against the European Union's (EU) ban on genetically modified organisms (GMOs). The WTO challenge was launched despite the fact that the EU was planning to lift the ban within months. It is interesting timing that the US also chose to file the complaint right before the Cartagena Protocol on Biosafety ("Biosafety Protocol") was about to enter into force. The Biosafety Protocol is the first legally binding global agreement that allows countries to reject GMOs on the basis of what is known as the "precautionary principle." This principle, which all countries have agreed to, allows countries to take action to protect the environment – for instance by rejecting GMOs from entering their country – even where there is scientific uncertainty. With this case in the works, many countries may feel intimidated to not implement the Biosafety Protocol rules, for fear that the US will go after them as well. This case may have the effect of making the Biosafety Protocol less powerful at best, and at worst, irrelevant. The WTO cannot be used in this way to undermine agreements on the environment, especially where public health issues are also at stake, and where there is a lack of scientific certainty about the safety of GMOs. Decisions on this issue should be taken up under the Biosafety Protocol, since public health and environmental issues are not the expertise of the WTO, giving it overreaching powers if it is allowed take decisions on these other sectors.

This case is also a scare tactic by the US, being used to "encourage" countries in the South to agree to open their markets to GMO foods. This is because many countries now fear that if they reject GMOs, they will be met with huge trade sanctions (which could be worth hundreds of millions, or even billions of dollars) in the WTO. In fact, the US has aggressively gone after a number of developing country governments already, threatening them with action under the WTO if they pass laws on GMOs, such as product labeling, that would give consumers the right to choose whether or not they want to eat these foods. The US has used the argument that these regulations are unnecessary in the US, and therefore unnecessary anywhere else. It is a clear example of the US trying to get other countries to adopt its standards as global standards, and to find new markets for its GMO companies – a very powerful corporate lobby group.

This case shows how the free trade agenda takes priority over other critical issues, including human health, consumer rights and environmental protection. It also highlights the power of corporations within the WTO context, with the US and other GMO exporting countries aggressively pursuing new markets for their industries.

It is a tool of rich and powerful countries

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The WTO argues that it is “member driven,” meaning that all decisions are taken by country members and not, for instance, by corporations or by the WTO itself. Although this is the case, the global trade agenda is essentially influenced and run by a small handful of wealthy countries – notably the US, the European Union, Japan and Canada. Most of the smaller countries that make up most of the WTO membership are marginalised from the negotiating process, or have limited impact. Many of these countries are not even invited to key meetings, which are invitation-only (although no one knows exactly how these invitations are handed out, since this is done in a completely non-transparent way).

It is strongly influenced by narrow corporate interests

Corporations are driven by the bottom line – profit. Environmental, social and development concerns are distant priorities, and tend to be a corporate focus only when they bring commercial advantage. Given this narrow agenda, the trend of powerful business lobbies influencing government positions at the WTO is worrying.

It is not just in the case of GMOs, where you can see a corporate lobby group influencing government positions. In fact, this is the norm. The US has also blocked an agreement at the WTO on providing developing countries with access to vital medicines – even though they already agreed to this in Doha. The reason is that the agreement on the table threatens to cost its pharmaceutical companies lost revenues in the billions. And it is not just the US: the European Union (EU) is under great pressure from the agricultural industry to maintain its huge subsidy programme. The EU is also looking to expand markets for its huge drinking water companies under the WTO agreement on services. Even though freshwater resources are drying up, the EU has been pushing a corporate agenda, not one that works for the environment and development.

The list goes on and on. Where WTO agreements can bring profit to big industry groups, those groups go to work on their governments to make sure that the most advantageous agreement is negotiated for them.

The upcoming trade meeting in Cancun may be yet another example of this. One of the issues that governments will be discussing is a possible new investment agreement. This could end up becoming a “corporate bill of rights” without including provisions on corporate accountability and corporate social responsibility. Such an agreement would pave the way for corporations in wealthy countries to extend their control and reach, while further increasing the gap between rich and poor countries.

It is non-transparent

The WTO employs a series of tactics that keeps it hidden from the public. Most of its decision-making processes are completely closed – meaning that only governments can participate and provide input. There has also been a history of holding documents back, rather than quickly declassifying them and making them publicly available. Even its dispute settlement process is closed, with relevant non-government experts often prevented from providing useful information to the decision-making panel.

In addition, much of the consensus-building that goes on before Ministerial meetings is “informal” and done behind closed doors. And if this is not bad enough, some governments will hold private, invitation-only negotiations during the Ministerial meetings themselves. A number of tactics are employed by the more powerful

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countries to arm-twist and apply pressure, so that their key goals are reached. Many developing countries cannot compete under these circumstances. The Seattle 3^d Ministerial Conference actually broke down and ended in failure for this reason: because of a lack of transparency, openness, and fairness in decision-making.

It is undemocratic

The decision-making process within the WTO is complex. One of the rules is that all decisions must be agreed by “consensus” – all members must agree. What’s more, all issues must be resolved at the end of a WTO trade meeting: there must be agreement on all issues, or else there is agreement on no issues and the meeting will end in failure (it’s all or nothing). This puts a great deal of pressure on countries that may be “holding out” on one issue to give in, or else they could face a political and/or economic backlash from other members. What this rule also does is it creates a system of “trade-offs.” In other words, because all issues form part of one package, governments will often trade off something they want on one issue, to give them a better chance of winning something important on another issue. This system is most advantageous to powerful countries who have more to trade and more to gain. It also means that issues on the WTO agenda, including environment and health-related issues, can be traded away in this negotiating game.

The negotiations are also weighted in favour of more powerful countries. For instance, before each Ministerial meeting, there are often “mini-ministerials” which are meetings of government Ministers held to try to build consensus before the big meeting. Issues that are the most difficult are discussed, and countries start to work on “deals.” However, these mini-ministerials are one of the invitation-only meetings mentioned above, so that only a handful of countries are even present. NGOs have traditionally been locked out. This closed-door, invitation-only type meeting completely de-legitimises the process and its outcome. It is interesting to note that the US, European Union, Canada, Australia and Japan are a few of the examples of countries that are always present. And this is because of the negotiating reality: that these few countries are the ones that can make or break deals, and whose input really counts.

Developing countries are also in a weaker position in terms of using the WTO dispute settlement process. As mentioned above, the US – since it is a wealthy and politically powerful country – can use the WTO dispute settlement process to intimidate countries, as it is currently doing with the case against the EU on GMOs. But many poorer nations cannot do the same, since the threat of retaliation is not realistic. What this means is that many developing countries do not have enough economic advantage or power to really hurt another country with trade sanctions, but the US – since many countries rely on it as a trading partner – is able to make good on its trade threats. This is a fear tactic which can and does get used to give powerful countries more negotiating leverage.

The bottom line is that the structure of the WTO ensures that different countries have different degrees of influence on WTO outcomes, decisions and policies. Just because each country must agree by consensus, does not mean that each country has the same power when sitting at the negotiating table.

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