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This Question & Answer document answers questions in relation to the WTO 5th Ministerial in Cancun, Mexico

1. What is the 5th Ministerial Conference of the WTO?

Ministerial meetings within the WTO take place at least once every two years. The trade meeting in Cancun – taking place from 10 to 14 September 2003 – will be the 5th Ministerial Conference of the WTO. The first four were: Singapore (1996); Geneva (1998); Seattle (1999); and Doha (2001). The Ministerial Conference is the highest decision-making level of the WTO, and is comprised of all Member States.

The meeting in Cancun is a midway point between the Doha round of talks (the 4th Ministerial Conference, November 2001, Doha, Qatar) and the end date for negotiations for this trade round (January 2005). The Cancun meeting is a stock-taking exercise: an opportunity to make progress on the items laid out for negotiation in the Doha Ministerial Declaration. Key issues for this trade round include: agricultural reform, New Issues (including a potentially new multilateral investment agreement), trade in services, trade and environment issues, access to medicines (under the WTO intellectual property agreement), special and differential treatment provisions for developing countries, market access for non-agricultural goods, WTO rules (anti-dumping and subsidies), as well as several others.

The WTO came into existence in 1995, as the successor to the old General Agreement on Tariffs and Trade (GATT). The WTO, however, is much broader, and includes trade disciplines for other sectors such as services, agriculture, textiles, intellectual property rights, etc. There are currently 146 member countries.

2. What's at stake for Cancun, and why is this meeting important?

The Doha trade round has been touted as the first ever truly development round. This is ironic, as the most important issues to developing countries are the ones where there has been the greatest controversy and gridlock. This includes issues such as access to medicines, special and differential treatment provisions, agricultural reform (including market access for developing country products), and access to vital medicines. Given the missed deadlines, and intransigence of certain countries (such as the US on access to medicines, and the EU on agricultural subsidy reform) it is clear that the Doha round is yet another opportunity to push the agenda of a small number of wealthy countries.

The Cancun meeting is also a watershed moment for the WTO, as it could set in motion – with explicit consensus – the launch of negotiations on liberalising four new areas: investment, competition policy, government procurement, and trade facilitation. In fact, one of the barometers of success or failure at Cancun will be on these so-called “New Issues” or Singapore Issues. Many developing countries and most of civil society are united against an expansion of the WTO into New Issues. Given that the WTO is fundamentally flawed, and is suffering from an already overburdened agenda, it is inappropriate to extend its mandate into these new areas. Developing countries, and least developed countries in particular, have difficulty in

engaging fully in the breadth of technical negotiations at the WTO. To now move into these New Issues will serve only to work in favour of the industrialised world.

The Cancun meeting is also the first time that environmental issues are directly on the agenda of a WTO Ministerial conference. There is a deep concern that the WTO mandate to discuss the relationship between trade rules and multilateral environmental agreements (MEAs) could lead to a disastrous result. Some countries have in the past tried to subordinate MEAs to WTO rules, which would destroy a good deal of the progress and commitments made over the past decade on environmental issues.

3. What are the key issues on the table, and what is our position?

Greenpeace's key goals for Cancun are:

- Global rejection of the US case on GMOs, and ratification/implementation of the Cartagena Protocol on Biosafety
- Ensure that negotiations do not commence on New Issues
- Move discussions on the relationship between trade rules and multilateral environmental agreements to a neutral forum – preferably the UN

For an elaboration of our position on the above, as well as other issues, please see the Greenpeace Briefing paper, July 2003.

4. What is your goal for the 5th Ministerial Conference?

The WTO is failing in its current mandate, in that it does not effectively address sustainable development and environmental objectives. If the WTO is to be taken seriously, and the international trade system is truly going to deliver on development and environment objectives, countries must first assess the trade rules thoroughly before the WTO can even consider broadening its remit.

Greenpeace is calling on countries to conduct a thorough assessment of the rules governing the international trade system in order to re-orient this system towards achieving sustainable development. Until this assessment is completed, any agreement on substantive issues in Cancun must be avoided. The WTO mandate must not be expanded until existing trade rules are made compatible with sustainable development.

The Doha agenda promised to deliver on development priorities, giving this round of trade talks the nickname of being the “Doha Development Round.” However, despite this promise, the WTO has failed to improve significantly, and to take seriously the need to give priority to sustainable development and environmental policy. The so-called Doha Development Agenda was supposed to be about re-balancing the WTO agreements to properly reflect development priorities, and to reduce the bias towards a handful of wealthy, industrialised nations. However, the lack of progress on critical issues for developing countries, including access to vital medicines, agricultural reform, special and differential treatment, and implementation issues¹, is creating a

¹ Implementation issues refer to negotiations to redress the imbalances between developed and developing countries within the WTO, and to assist developing countries in implementing their commitments under the present agreements. There is some ambiguity as to how broad these negotiations will be. However, the Doha mandate

crisis of legitimacy for the WTO generally and the Doha Development round in particular.

Greenpeace is calling on the global community to put an end to trade policies that promote the destruction of ecosystems and human well-being. Global policies – including free trade policies – must be aligned towards the goals of sustainable development, poverty eradication, enhancing global stability, equity, justice and ecological protection.

5. So is Greenpeace calling for a derail of the WTO?

Greenpeace is in favour of multilateral approaches to regulating trade. However, with the current proliferation of bilateral and regional trade agreements, as well as an international trade agenda that furthers Western corporate interests, the WTO is not delivering for the majority of its members. There needs to be a fundamental rethink of how international trade is carried out, and a refocusing of the rules towards sustainable development. Greenpeace is not prescribing how this is to happen, but is calling on Member States to assess and rectify the flaws in the global trade system.

6. Why are you opposed to the WTO?

The WTO – since its inception by Member States in 1994 – has made the promotion of **free trade** for the gain of private interests the ultimate goal, to the detriment of 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 is a tool of the rich and powerful and is increasing tensions (generally) and gaps between the rich and poor. Power politics reign supreme, as the US and EU jockey for negotiating leverage through a series of “trade wars.” The most blatant example is evidenced by the recent US case against the EU on GMOs. This is a good example of the US using global humanitarian crises (famine, hunger, HIV/AIDS) to extend corporate control over the global food system and using the WTO to create markets for GMOs that are facing massive rejection around the world. The leverage gained by the US through this case may result in negotiating successes for them in totally unrelated areas such as access to medicines, or competition policy, which could be to the detriment of developing countries.

Specific examples of WTO flaws include:

- It is non-transparent (closed decision-making processes that are hidden from public view and closed to direct public input, including traditional “green room” practices (closed meetings, invitation-only))
- It is driven by corporate interests (e.g.: pharmaceutical companies influencing agreement under the trade-related intellectual property agreement (TRIPS), big water multinationals impacting the negotiations under the services agreement; the agri-business/genetic engineering companies being behind the recent US launch of a case against the European Union on GMOs)
- It pursues trade liberalisation at all costs, at the expense of other legitimate policy objectives

explicitly makes implementation issues a part of the negotiations (the “single undertaking”), and therefore subject to potential trade-offs in other areas.

- It is in essence run by, and works for, only a handful of wealthy, industrialised countries
- It is creating a chilling effect² on environmental laws and regulations (e.g.: the Biosafety Protocol)
- Free trade is putting undue pressure on natural resources
- It does not work for developing countries, in particular the world's poorest countries, many of whom are completely marginalised from the negotiating process

7. Specifically, how does the WTO threaten the environment?

The WTO does not properly balance environmental, social and development priorities, despite its founding agreement mandating it to use the world's resources in accordance with the objective of sustainable development. Its agenda puts trade liberalisation on the highest pedestal, with wealthy countries seeking to gain global economic advantage.

Examples of the conflict between the trade and environment agenda include:

- An unchecked free trade agenda is depleting natural resources such as water, forest, fisheries, minerals at a rapid pace, much faster than they can be regenerated. (Over fishing, Illegal logging can be good specific examples to make)
- 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. This principle should be directly included in WTO rules and policies
- The link between overseas development assistance (ODA) and developing country acceptance of GMOs could create a chilling effect on the implementation of the Cartagena Protocol on Biosafety.
- New negotiations on investment, if agreed, could reduce the right to regulate foreign investors, which could have an adverse effect on natural resources e.g. giving foreign logging companies more access to native forests and preventing new laws that protect forests.
- 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.
- A number of countries have tried to subordinate multilateral environmental agreements to WTO rules, meaning that in the event of a conflict, trade interests

² Referring to a reduction in, or cessation of environmental treaty ratifications. A chilling effect also refers to a lowering of environmental standards or more lax implementation of environmental laws, because of the possible backlash and threat of economic sanctions through the WTO. An investment treaty could increase this problem: evidence suggests that companies tend to locate in countries with low environmental safeguards. Thus, as countries compete for limited foreign investment, they could adopt or relax their environmental standards as an enticement.

would supercede environmental priorities. This trend is extremely worrying, given that the Doha Ministerial Declaration includes a section on this issue³. It is for this reason that Greenpeace is against having discussions on trade and environment (specifically, the relationship between multilateral environmental agreements and WTO rules) take place within the WTO, which is a biased forum.

8. Are you against multilateralism, given that you are working against a successful meeting?

Greenpeace is in favour of a multilateral, rules-based trade system. However, such a system should set the conditions for a just, peaceful and secure world, rather than the current state of play – where the WTO is actually exacerbating global tensions. This is referring to the fact that trade rules are “rigged” to work for countries that are already economically advantaged, by opening up new markets for mostly industrialised country multinationals, and by tolerating Northern protectionism in sectors where developing countries have the most to gain (e.g.: agriculture). Furthermore, the type of free trade that is fostered through the WTO is not a reliable way to generate self-sustaining growth, local ownership and poverty eradication. Rather, the gap between rich and poor countries continues to grow, with many developing countries marginalised from technical trade negotiations, or alternatively not invited to the negotiating table (e.g.: invitation-only “mini-ministerials,” and closed “green-room” sessions). Trade rules need to be re-oriented to work for environment and development, and to become more transparent, participatory and democratic.

9. What is your alternative to the status quo?

The WTO is currently operating with a mandate that pursues trade maximisation and liberalisation at all costs. However, it has become increasingly apparent that this approach is exacerbating the environmental crisis we are facing and further, is not leading to enhanced economic growth or poverty reduction (the myth of ‘trickle down’). We need a global trade regime that has sustainable development as its focus. To achieve this, international trading rules must shift in focus from trade liberalisation as the end goal – which is currently the case – to the promotion of environmental, social and human well-being.

Examples of where we want the trade system to go include:

- Promoting all 3 pillars of sustainable development – a system that properly balances economic, social and environmental imperatives. A trade system that does not promote free trade at all costs

³ The Doha Ministerial Declaration states (para 31): “With a view to enhancing the mutual supportiveness of trade and environment, we agree to negotiations, without prejudging their outcome, on: The relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs). The negotiations shall be limited in scope to the applicability of such existing WTO rules as among parties to the MEA in question. The negotiations shall not prejudice the WTO rights of any Member that is not a party to the MEA in question...The outcome of...the negotiations carried out under paragraph 31(l)...shall be compatible with the open and non-discriminatory nature of the multilateral trading system, shall not add to or diminish the rights and obligations of Members under existing WTO agreements, in particular the Agreement on the Application of Sanitary and Phytosanitary Measures, nor alter the balance of these rights and obligations, and will take into account the needs of developing and least developed countries.”

- A system that sets the conditions for peace, security and sustainability rather than the current free trade agenda, power politics and trade-off game by virtue of the “single undertaking” rule
- Precautionary principle – a trade system that incorporates the PP into its decision-making as the most scientifically rigorous approach. This is consistent with the Rio Declaration (1992) and other international instruments and declarations
- Transparency – a system that supports openness and broader consultation, both among Members as well as civil society, including effective public scrutiny over government policy and the actions of transnational corporations
- Be democratic and truly multilateral
- Take account of the needs of developing and least developed countries and allow for protection and intervention where necessary, in order to build up strong domestic economies and promote important development objectives such as food security, local livelihoods, and resource conservation
- Full incorporation and operationalisation of the principle of special and differential treatment (SDT) within trade agreements
- Rules must reflect the different levels of development of countries, and provide greater policy flexibility to the poorest
- Fairness – a pro-poor trade regime, where the problem of certain industrialised countries pushing for free trade, but erecting barriers against imports from developing countries is not allowed to occur

10. If the WTO breaks down, wouldn't it be worse, since the world would revert to bilateral and regional agreements, which if anything are more far-reaching?

Right now, we are in a situation of being “forced” to accept the WTO as the lesser of two evils. This should not be the case. The world has come together on a number of occasions and embraced sustainable development as a goal, most recently in Johannesburg at the WSSD. In order for this to be the case, international trade rules need to be re-oriented to achieve sustainable development. The WTO is not delivering on this global imperative, as specifically laid out in its founding agreement. Global rules are being driven by wealthy countries and corporate interests.

Greenpeace is calling neither for the status quo, nor for a reversion to bilateral agreements. We are calling for a new international trade system that is refocused to address sustainable development and poverty alleviation.