From Cancún to Hong Kong: Challenging corporate led trade liberalisation

The Seattle to Brussels Network
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EDITORIAL

On September 14th 2003, the World Trade Organisation (WTO) Ministerial Conference in Cancún collapsed. Against the background of strong public opposition, a number of new and united developing country groupings resisted the pressure exerted by the EU and the US. Agreement could not be reached on EU led proposals to expand the WTO and bring in new negotiations to liberalise investment, competition, government procurement and trade facilitation (known as the »new issues«). Expansion of the WTO has been fiercely opposed by many developing countries as well as civil society groups. As in Seattle, thousands of demonstrators from all over the world—campesinos, fisherfolk, students, environmentalists and workers—were present in Cancún united in their opposition to the WTO’s corporate-driven agenda and determined to forge new, equitable and sustainable economies.

Following Cancún, global trade negotiations remained stalled for several months. However, in July 2004, at a critical meeting of the WTO General Council, the deadlock was broken and, behind closed doors, governments reached a »framework agreement« that enabled the Doha Round to progress. Consequentially, negotiations on a very broad range of topics—including trade in agriculture, industrial products, essential services and natural resources—will now resume and pose serious threats both to people and the environment.

The Seattle to Brussels Network, a pan European network formed to challenge the corporate driven agenda of continued global trade and investment liberalisation of the EU and European governments (see http://www.s2Bnetwork.org) is releasing this publication in an attempt to alert civil society, the general public and parliamentarians, about the potential environmental, development and gender implications of the current and future trade negotiations. With a deadline looming for the conclusion of the Doha round, the next WTO Ministerial scheduled for December 2005 in Hong Kong, and an increase in bilateral trade deals, it is time to act and to develop alternatives to the age-old belief that »there is no alternative«.

Articles in this document have been contributed by individual groups of the Seattle to Brussels Network and do not necessarily reflect the views of all members of the network. However, all groups have launched the joint post Cancún statement that calls on EU member states to:

• withdraw support for the start of negotiations on investment, competition, government procurement and trade facilitation;
• stop engaging in misleading trade-off and arm twisting strategies against developing counties;
• review thoroughly, and then fundamentally reform, the existing trade rules, in order to shift focus from trade and investment liberalisation, as an end goal, to the promotion of sustainable development and poverty eradication;
• promote a fair and balanced international framework for transnational corporations, preferably located within the UN, and based on a set of rules which would support sustainable development and make corporations responsible for their practices;
• revise accordingly the negotiating mandate of the EU Trade Commissioner.

We invite all concerned citizens and groups in Europe to join us in our European and national campaigns for a sustainable, socially accountable and democratic trading system.

For the Seattle to Brussels Network

Alexandra Wandel (Friends of the Earth Europe) and Peter Fuchs (WEED)

Brussels/Berlin, October 2004
LIST OF ABBREVIATIONS

AU  African Union
ACP  African, Caribbean and Pacific Countries
CAP  Common Agricultural Policy
DDA  Doha Development Agenda
EMAA  Euro-Mediterranean Association Agreement
EPA  (Regional) Economic Partnership Agreement
ERT  European Roundtable of Industrialists
ESF  European Services Forum
FIPs  Five Interested Parties
FTA  Free Trade Area
FTAA  Free Trade Area of the Americas
GATT  General Agreement on Tariffs and Trade
GATS  General Agreement on Trade in Services
GMO  Genetically Modified Organisms
ICC  International Chamber of Commerce
IMF  International Monetary Fund
LDC  Least Developing Countries
MAI  Multilateral Agreement on Investment
MEAs  Multilateral Environmental Agreements
NAMA  Non-agricultural Market Access
NGOs  Non Governmental Organisations
OECD  Organisation for Economic Cooperation and Development
SIAs  Sustainability Impact Assessments
Singapore Issues  Investment, competition, government procurement and trade facilitation
TCA  Trade and Co-operation Agreement
TNC  Transnational Corporations
TRIPS  Trade Related Aspects of Intellectual Property Rights
UNCTAD  UN Conference on Trade and Development
UN  United Nations
UNEP  United Nations Environmental Programme
UNICE  Union of Industrial and Employers’ Confederation of Europe
USTR  United States Trade Representative
WTO  World Trade Organisation

For a guide to help would-be trade campaigners crack the WTO code, see:
Challenging neoliberal economic globalization

By Ronnie Hall, Friends of the Earth International

Neoliberal economic policies are failing people in many different ways. We live in a world in which inequality is on the increase and many millions are unable to meet even their most basic needs. Forests are being clear-cut, minerals strip-mined and fossil fuels exploited at completely unsustainable rates to provide natural resources for the global economy. Democracy is being eroded as power is concentrated in fewer and fewer hands. Biological and cultural diversity are dwindling at an alarming rate. Hard won social standards are threatened.

If we continue on this course, the prospects for both current and future generations seem grim. The real challenge for human-kind will be providing a decent quality of life for a predicted population of 10 billion people in 2050, while reducing environmental impacts to sustainable levels. Neoliberal economic globalization is increasing the scale of that challenge. Yet the official line is that “there is no alternative”.

Even following the meltdown of the WTO’s Cancún Ministerial in 2004—with the value of the WTO itself being increasingly questioned—this myth is being peddled furiously by governments insistent on opening up new markets for their largest corporations. We are told that we must put up with the WTO, however flawed, because the only alternative is the law of the jungle, in which the smallest and weakest wilt. This argument is not only wrong, it is patently absurd and needs to be challenged.

An alternative approach should also celebrate economic diversity, rather than forcing through a one-size-fits-all approach. Countries and communities should have the option to select those economic mechanisms and strategies that they believe best suit their economic, social, cultural and environmental needs at any one time. Economic diversity will encourage the development of strong and diverse economies capable of withstanding and adapting to external shocks.

These still need to be developed with due regard for global constraints. One obvious and pressing priority has to be the protection of limited stocks of natural resources. Sustainable production and consumption are essential elements in an environmentally and socially sustainable society. Recycling is one way to increase the efficiency with which we use resources. However, reaching sustainable resource use levels whilst still allowing for increased consumption by impoverished people will require more than increased efficiency. It will also necessitate demand management. For example, energy utilities can provide energy-saving services—to warm your home or chill your beer, for exam-
ple—by increasing insulation and improving energy management instead of providing energy. In general, we need to focus on strategies that lower resource use—especially in the North—and improve quality of life. Policies to implement such sufficiency strategies and reduce resource use in other ways should always take precedence over trade.

Furthermore, it’s absolutely essential that access to resources be made equitable and considered a human right. Communities should not find that their access to resources has been transferred to a company for export, nor that their traditional rights have been lost in the rush to trade. New policies need to focus on rebalancing trade, with less emphasis on international trade and more on building healthy local economies.

Most importantly, this applies to food. Neoliberal economic policies are generating an industrialized system of food production where food is not only losing its nutritional quality, but is simply not available in sufficient quantities for many millions around the world (in other words, there is enough food for all, but millions still starve because they can’t afford to buy it and are increasingly prevented from growing their own). This criminal state of affairs must stop. Our current approach to food production needs to be turned on its head, with food sovereignty policies that promote the local production of safe and healthy food, in sufficient quantities to feed all, also being given priority over trade.

Finally, and perhaps most importantly, if the current neoliberal regime is to be halted, companies need to be regulated much more effectively, to minimize the inevitable negative social and environmental impacts generated by companies perpetually aiming to reduce costs and remain competitive. All companies should be obliged to report fully on the ways in which their activities impact on people and their environment. Company directors should also be legally liable for the activities of their companies. And foreign direct liability policies should be introduced, meaning that companies could be challenged in courts in their home countries for any wrong doings abroad. Anti-trust legislation that works at both the national and international legislation is essential to ensure choice and diversity.

In short, then, there are many, many ways to move forward and develop fair and sustainable economies. However, in order to bring any of these changes about, one critical first step has to be taken. That is that the taboo on criticizing free trade theory (a theory, incidentally, that is riddled with internal inconsistencies) must be broken. Those critical of current policies need to be promoted, not fired! When this happens, we can approach the whole subject of economic management creatively and with foresight. Another world is possible.

For further information see: www.foei.org

Source: FoEE
THE CORPORATE TRADE AGENDA POST-CANCÚN

by Erik Wesselius, Corporate Europe Observatory

»A sense of shock pervaded the corridors in the Convention Centre & the hotel lobbies on Sunday. Nobody foresaw the way in which the WTO Ministerial collapsed suddenly and without real reason. The only sense of joy was seen in the wild applause from NGOs that greeted the news.«

»Cancún Update #7«, 17 September 2003, Richard White, senior policy adviser at the Confederation of British Industry

To corporate lobbyists present in Cancún, the collapse of the 5th WTO Ministerial was a true horror scenario. In the run-up to Cancún, it had become clear that WTO member governments couldn’t find agreement over key agenda items like agriculture and the so-called Singapore Issues (investment, public procurement, trade facilitation and competition), but the business community was still hoping that a crisis would be avoided. Over the Summer of 2003, several corporate lobby groups started softening their tone and urged WTO member states to keep the Doha Round on track by focusing on a more achievable agenda. The best example of this attitude can be found in a statement that was issued on 22 August by the International Business Council of the World Economic Forum. Signatories Niall FitzGerald (Unilever), Henry A. McKinnell (Pfizer Inc.), Peter Brabeck-Letmathe (Nestlé SA) and Josef Ackermann (Deutsche Bank AG), pleaded for »visionary and generous leadership, especially from the US, EU and Japan« to ensure a timely conclusion of the Doha Round by the end of 2004. The business leaders suggested to make substantial gestures towards developing countries on TRIPS and access to medicines as well as on agriculture (skipping subsidies and providing market access). Finally, they advised to postpone a decision on the Singapore Issues and come back to these tricky issues at a more opportune occasion.

These words -- a weak echo of what environmental and development groups as well as trade unions had been saying since Seattle -- fell on deaf ears with EU Trade Commissioner Pascal Lamy. Judging from his actions in Cancún, Lamy was more susceptible to the exhortations of groups like the European Employers Confederation UNICE and the European Services Forum (ESF). On the eve of the collapse of the Cancún Ministerial, these two groups still urged the EU negotiators to stick to all four Singapore Issues, emphasising that the EU should continue to push for negotiations on investment to be launched in Cancún. After Cancún, most corporate lobby groups were silent for a while, reassessing the situation and determining a new strategy on WTO negotiations. The only immediate collective business response came from the 3rd World Chambers Congress in Quebec City, just a few days after the Cancún collapse. In a declaration the assembled chambers of commerce stated that »a speedy renewal of trade negotiations is necessary to bolster a weak global economy«, while they pledged to to join the International Chamber of Commerce’s international campaign »to bring WTO members back to the trade negotiating table by lobbying their national governments on the urgent need to relaunch talks«.

On 22 October, the International Chamber of Commerce (ICC) followed this up with a statement entitled »Vital steps after Cancún«. ICC wanted WTO members to give priority to agreeing on modalities for negotiations on agriculture and market access for non-agricultural products, and to find a way to move forward with each of the four Singapore Issues, keeping at least trade facilitation and if possible government procurement within the single undertaking.

On 30 October, the European Roundtable of Industrialists (ERT) entered the post-Cancún debate. The headline of their press release read »European business leaders stress continued support for multilateral trade negotiations and urge progress«. According to the Financial Times: »People close to the European Round Table said its members had decided to speak out because they feared Europe was now holding back
efforts to free global trade and were »furious« at suggestions by Mr Lamy that the EU might need to re-think its commitment to multilateralism.«

On 5 November, the European Services Forum (ESF) published its list of priorities for the WTO-agenda post Cancún. Like UNICE, the ESF had clearly overplayed its cards in Cancún, with the result that the WTO GATS services negotiations were stalled. Although the ESF dropped its hard-line pre-Cancún position on the Singapore Issues, it still ask for negotiations on trade facilitation and transparency in government procure-ment. But most importantly, getting the GATS negotiations back on the rails should get priority in any new EU strategy for the WTO negotiations.

UNICE secretary-general Philippe de Buck assured his audience that »European business is going to push governments to engage fully in negotiations in Geneva to get the Doha negotiations back on track.« The actual UNICE position paper was released on 5 December, shortly before the first meeting of the WTO General Council after Cancún. UNICE priorities are industrial market access, services liberalisation and trade facilitation. On the Singapore Issues, UNICE’s has the same position as the ICC (see above), slightly less ambitious than ESF. On regional and bilateral trade agreements, UNICE took the position that they can only be complement-ary to the multilateral approach.

The Cancún collapse forced business to rethink their

Demonstration at European Services Forum meeting, Brussels, March 2003.
Source: FoEE

Responding to US Trade Representative Bob Zoellick’s threats that the US would secure market access for its companies through bilateral and regional agree-ments instead of through the WTO, the ESF expressed a preference for multilateral trade liberalisation. But with the typical pragmatism of a business interest group, it encouraged the EU to use bilateral and bi-regional free trade agreements as »an additional trade policy tool« to secure market access for European compa-nies. UNICE, handicapped by its rather unwieldy struc-ture, needed more time to formulate a position. But at a business conference in India, on 24 November, strategies and priorities for the Doha Round. Liberali-sation of trade in services clearly stood out as a prior-ity issue for corporate Europe, together with market access for non-agricultural goods. Agriculture negotia-tions were perceived primarily as a necessary bargain-ing chip to get concessions from developing countries on the hardcore priority issues.

At Cancún business clearly did not feel in control. The old recipe of close cooperation with EU and US trade negotiators seemed to have worn out, with more and more developing countries refusing to go along with the corporate-driven agenda of the EU and the
US. As UNICE’s Philip de Buck lamented: »I am also concerned that the voice of business has not been as strong during the Doha negotiations as compared with the Uruguay Round negotiations (1985-1994). This has left the door open for other civil society representatives to influence the WTO in a not-always-so-positive way. How can we encourage a more active and vocal business community on WTO issues?« In the first half of 2004, world business had recovered from the Cancún shock and stepped up its campaign for a resumption of the Doha Round, basically hammering the earlier post-Cancún statements into the heads of government officials and trade negotiators. When it became clear that some kind of breakthrough had been achieved at the July 2004 WTO General Council Meeting in Geneva, business— in particular US business—was jubilant. The USTR collected business reactions in a three page leaflet titled »What They Are Saying About the WTO Framework Agreement«, including the following illustrative quotes:

»The potential benefits for the U.S. economy are significant. U.S. goods and services will enjoy greatly improved access to foreign markets.« (U.S. Chamber of Commerce)

»Strong and steadfast U.S. leadership… we look forward to supporting U.S. efforts through the next phase of negotiations in the WTO Doha Round to achieve the goal of removing tariff and non-tariff barriers facing automotive products.« (Automotive Trade Policy Council)

The USTR leaflet makes crystal clear what US trade negotiators consider as their constituency. The European Commission is more discrete in its public relations, but with corporate-state alliances like the European Services Forum and the Transatlantic Business Dialogue mandated by the European Commission to guide the EU’s WTO negotiating strategy, corporate interests also dominate.

Moving towards the WTO Ministerial to be held in Hong Kong next year, it will be crucial to continue challenging the corporate agenda behind the Doha Round and to demand an end to all corporate-state alliances driving that agenda—be it in Europe, the US or elsewhere.

For further information see: http://www.corporateeurope.org/
European Government’s have long adopted the motto »Do as I say and not as I do« as their guiding principle in negotiations on international trade rules—advocating free trade for the South and adopting different rules in the North. Rich world hypocrisy surprises few these days, yet the deceit deepens when it comes to water and global trade rules.

In early 2000, the World Trade Organisation (WTO) launched new negotiations on services under the General Agreement on Trade in Services, or GATS. This fiendishly complicated agreement covering everything from accountants to architects has become the weapon of choice for European politicians and businesses looking to strong-arm their way into new markets in developing countries, and all painted in the think camouflage of a »development agenda«.

In their now familiar » dealings « with giant water corporations such as Vivendi, Suez and Thames-RWE, the European Commission describes one of their core negotiating objectives as »… to achieve real and meaningful market access for European service providers for their exports of environmental services [which includes water delivery]«. It asks companies to list countries for the Commission to target in the current GATS negotiations. This means the EU will demand these countries remove barriers to foreign corporate access.

Roaming water companies on the search for ever-increasing profit is not new. For over a decade, the World Bank and International Monetary Fund, have used conditions attached to their loans to lever privatisation into the world’s poorest communities. Controversial and fiercely opposed by those communities has been water privatisation. In 2000 the people of Cochabamba, Bolivia famously took to the streets to kick out an international led consortium (including US construction giant Bechtel) after water price hikes of up to 200%. In Trinidad and Tobago, Severn Trent, a UK water company, was sent packing after it failed to meet promised delivery and maintenance goals. In Manila, the Philippines, communities are engaged in a bitter struggle against a private water consortium, of which Suez, is a major player—the contract has been terminated. In Jakarta, Indonesia, Thames Water is in the dock as price hikes coupled with a failure to improve water delivery, have angered the city’s residents. Around the world water privatisation is under fire from poor communities but GATS gives water companies a concrete line of defence. If a country has agreed to sign its water services up to GATS, there is no going back. The agreement contains a »lock-in« clause making it virtually impossible for the signed-up country to withdraw its promise to the foreign profiteer (its supporters describe GATS as »effectively irreversible«). This holds, no matter how many people take to the streets, how corrupt the company’s operations are, how many impoverished people are cut off or how many die from cholera as a result of lack of access to clean water.

It seems that the WTO positively welcomes this anti-democratic aspect of the GATS. In its own question and answer introduction to the Agreement, downloaded from the WTO web site in October 2000, the WTO recommends the GATS to governments who want to bring in foreign companies, on the grounds that it can help them in »overcoming domestic resistance to change«. This statement has since been removed from the WTO website.

Experience in OECD countries (the rich nations club, containing 30 of the world’s most industrialised nations) suggests that there is no clear consensus in favour of a »one size fits all« approach to water delivery (as promoted by the GATS). Of the 29 OECD countries, 21 have public ownership of water assets and a further 5 have mixed public and private ownership. 14 OECD countries have exclusively public management while 13 have mixed public and private. But when it comes to WTO talks, the message is familiar; »do as I say, but not as I do«.

When challenged by civil society about its WTO plans to force EU private water companies on the rest of the world, EU negotiators deny such intentions. When asked to prove this by revealing their negotiating hand, they refuse. In the words of chief European Com-
mission bureaucrats, such documents cannot and will not be made publicly available.

EU Governments’ secret approach to the GATS talks, which seems to be based on: not telling us what they’re saying because they can’t support what they do, crumbled in early 2003. A leak of the EU’s GATS demands, exposed the true scale of its global water grab. It revealed EU demands that 72 countries, out of the 109 targeted overall, sign-up to the WTO’s free trade rules. It is not only the sheer number of countries targeted that is startling, but also the fact that the EU has targeted developing countries where non-profit water delivery systems and in operation and more importantly, where they are function effectively. This has deepened distrust of political double-speak when it comes to trade talks. One look at the exposed GATS plans, makes the UK Government’s claim that there is no threat to any WTO members’ public ... water services, look increasingly questionable. It would seem that politicians not only refuse to show their GATS negotiating hand, they continue to bluff the public about its contents.

We can assume that those behind the GATS failed to anticipate the global public reaction to a trade deal effectively cementing the corporatisation of basic services such as water. This is not just political ignorance but the willful pursuit of European profits at the expense of poor communities. Perhaps the most sinister double speak from EU negotiators comes from those who claim that their plans for big business is somehow a »development agenda«. Water, perhaps more than any of the other basic services sectors covered by the GATS, illustrates why increasing market opportunities for large European companies is not synonymous with lifting the world’s most impoverished communities out of poverty. Expanding profits for shareholders back home is in direct conflict with delivering clean water to the 1.2 billion people who currently go without.

Civil society resistance to the EU’s GATS agenda has grown since talks were launched in February 2000. At the negotiating table, many countries are reluctant to commit themselves to binding free-trade policies in areas, such as water supply. In July 2004, in order to overcome the current deadlock, the EU introduced deadlines: Countries are being asked to finalise their negotiating offers by May 2005. Join the campaign to expose the EU’s GATS offensive, to support those defying this attack and to get the European Union to drop its proposals to include water for human-use in the GATS.

For further information see: www.wdm.org.uk
SERVICES MORE THAN EVER UNDER GATS ATTACK

By Raoul Marc Jennar, Oxfam Solidarity (Belgium) & URFIG (France)

The services negotiations are another key priority for the EU and are clearly one of the areas of the negotiations where the EU has much to gain. Services should therefore be maintained at the top of the EU’s negotiating agenda. (…) Yet progress in the negotiations up to Cancún has been very disappointing. Few developing countries have engaged in the request and offer negotiations, while amongst the developed Members the quality of offers has been extremely inadequate, with the EU alone among the bigger Members in making a meaningful offer, including on Mode 4. A major step change is therefore needed. To this end, a much greater level of engagement from all WTO Members is needed, which should be reflected in the submission of meaningful offers by those Members that have not yet done so, as well as by substantially improvement in the offers already on the table. The services negotiations should also put greater energy in fulfilling the Doha mandate to negotiate the reduction or elimination of market access barriers for environmental services. (…) Developing countries need to take a full part in this effort (…) A new impetus is also needed in the negotiations on rule making in services.«

This is the essential part of the section dedicated to the services in a document from the EU Commission called »Revising the DDA Negotiations—the EU Perspective.« On December 8, 2003, the EU Council of Ministers »welcomed« the Commission communication and »endorsed the analysis of the Commission.«

The new balance of forces within the WTO, resulting from the resistance opposed by the G20 and the G90, has no impact on the GATS issues. During the Cancún ministerial conference nothing was said against six of the draft Ministerial Declaration despite three hard proposals:

- the GATS negotiations »shall aim to achieve progressively higher levels of liberalisation with no a priori exclusion of any service sector or mode of supply«: at the same time he was strongly supporting this proposal, EU Commissioner Pascal Lamy wrote in the French newspaper Le Monde (Sept. 5, 2003) that Education, Health and Culture were out of the negotiations;

- efforts shall intensify to conclude the negotiations on domestic regulations (art. VI), emergency safeguard measures (art. X), government procurement (art. XIII) and subsidies (art. XV) ; a review of the progress in these negotiations is scheduled for March 31, 2004;

- countries that failed to present offers and requests shall be forced to submit proposals and those that made too limited offers shall increase their list.

As a consequence of the impossibility to adopt a Ministerial Declaration in Cancún, these provisions remained in limbo. But a strong EU commitment remained still pushing for a »meaningful and significant« (Lamy) level of engagement under the GATS round. Not only from the European side, but also from the Bush Administration. In his January letter to the 147 Trade Minister, R. Zoellick wrote that services are among the three top US priorities.

The GATS round is not limited by the Doha agenda. It is part of the incorporated agenda. Even if the Doha round fails, the GATS round has no definitive end (art. 19 : »In pursuance of the objectives of this Agreement, Members shall enter into successive rounds of negotiations…«).

In December 2003, a document S/WPDR/W/27 on the »necessity tests« was prepared by the WTO secretariat updating the issue of laws and regulations that are more burdensome than necessary from a trade
perspective. In February 2004, the Ambassador of Chile was re-appointed as chairman of the Council of Trade in Services. Meetings on GATS issues took place in the WTO during the whole first half-year.

And the services section of the General Council decision adopted on July 31 reaffirms Members’ commitment to progress in this area of the negotiations in line with the Doha mandate. The Council adopts the recommendations agreed by the Special Session [of the Council for Trade in Services], set out in Annex C to this document, on the basis of which further progress in the services negotiations will be pursued. Revised offers should be tabled by May 2005.

Here are the Recommendations of the Special Session:

(a) Members who have not yet submitted their initial offers must do so as soon as possible;

(b) A date for the submission of a round of revised offers should be established as soon as feasible;

(c) With a view to providing effective market access to all Members and in order to ensure a substantive outcome, Members shall strive to ensure a high quality of offers, particularly in sectors and modes of supply of export interest to developing countries, with special attention to be given to least-developed countries;

(d) Members shall aim to achieve progressively higher levels of liberalisation with no a priori exclusion of any service sector or mode of supply and shall give special attention to sectors and modes of supply of export interest to developing countries. Members note the interest of developing countries, as well as other Members, in Mode 4;

(e) Members must intensify their efforts to conclude the negotiations on rule-making under GATS Articles VI(4), X, XIII and XV in accordance with their respective mandates and deadlines;

(f) Targeted technical assistance should be provided with a view to enabling developing countries to participate effectively in the negotiations.

For the purpose of the Sixth Ministerial meeting, the Special Session of the Council for Trade in Services shall review progress in these negotiations and provide a full report to the Trade Negotiations Committee, including possible recommendations.

The EU and the USA won this time. Anti-globalisation movements and unions lost the battle. Such defeat gives an idea of what remains to be done before Hong Kong.
FINALLY OFF THE AGENDA? EIGHT YEARS OF STRUGGLE AGAINST THE SINGAPORE ISSUES

By Andrea Baranes, Campagna per la Riforma della Banca Mondiale, Italy

One of the very few positive results of the Framework Agreement that came out of the General Council meeting in Geneva, on 31 July 2004, has been the formal decision to exclude three of the four Singapore Issues from the Doha Agenda. Notably, only negotiations on Trade Facilitation will be launched. With regard to Investment, Competition Policy and Transparency in Government Procurement, the final document states that these issues, mentioned in the Doha Ministerial Declaration in paragraphs 20-22, 23-25 and 26 respectively, will not form part of the Work Programme set out in that Declaration and therefore no work towards negotiations on any of these issues will take place within the WTO during the Doha Round.

This decision can be seen as a major result of eight years of struggle. Ever since the »new issues« made their first appearance at the Singapore Ministerial Conference back in 1996, civil society groups from all over the world have mobilised against them, pointing out the threats these new issues would pose for the developing countries and the weaker economies, which eventually led to a shifting of position of the majority of WTO members against the launch of these negotiations. In the last years, and notably before Cancún, the Singapore Issues were supported still only by the EU Commission, and to a lesser extent by a few other developed countries.

In fact, the European Commission left the Cancún Ministerial Conference of the WTO in September 2003 as the great defeated. Its arrogant negotiating strategy in pushing the Singapore Issues against the clearly stated will of the vast majority of the WTO members had become the linchpin for the collapse of the Conference on 14 September. The last minute offer by EU Trade Commissioner Pascal Lamy to withdraw two of the four Singapore Issues (Investments and Competition) from the agenda had failed miserably, coming too late, offering too little (insisting on negotiations on Trade Facilitation and Transparency in Government Procurement), and being perceived as a momentary tactical concession with unclear backing by the EU member states.

The tactical nature of Lamy’s offer was indeed confirmed just one month later, when the EU Commission, on 30 October 2003, published the paper »Singapore Issues—Options post-Cancún«. Despite the Cancún failure and the concessions made by Lamy himself, in this paper all of the four Issues were back on track, though with a changed approach for the negotiations. At that time, the European Commission suggested a »plurilateral approach« (or opt-in opt-out approach): negotiations to establish agreements on some or all of the four Singapore Issues should start, while WTO members could choose whether or not to join the agreements.

This plurilateral approach was immediately rejected by civil society organisations and many southern WTO member states, for a variety of reasons. It obviously failed to grasp the clear will of developing countries in the WTO to not engage any further in such negotiations and hence would not have facilitated attempts to unblock the Cancún deadlocks. It was still not taking into account that three of the four Issues are not trade issues and should therefore not be negotiated in the WTO. It still failed to address the concerns of many developing countries with an already overloaded WTO negotiation agenda probably leading to paralyses as witnessed before and in Cancún. Moreover, civil society organisations recalled the failed previous attempt to launch a plurilateral investment agreement under the OECD (MAI). MAI had been shelved after strong international opposition, and warned of the pressures (if not arm twisting) on developing countries to sign up a »voluntary« plurilateral agreement, which went against their interests.

However, the defensive stance of the proposal of a »plurilateral approach« made it clear to everyone that
the EU Commission was getting ever more isolated in keeping on pushing for the Singapore Issues.

Institutionally, the status of the Singapore Issues had anyway become doubtful, after the Cancún meeting. The Doha declaration states clearly that »negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations [i.e. how the negotiations are to be conducted].« Given the lack of consensus reached in Cancún, as well as the collapse of the entire Conference due to the Singapore Issues, it was questionable whether there still was a mandate at all for negotiating over such issues or if after Cancún they lapsed and had to be considered non-issues even at the level of discussions in the respective working groups.

However, while the outcome of the General Council meeting of 31 July 2004 finally took into account the will of the vast majority of the WTO members to drop three of the four Singapore Issues out of the Doha Agenda, several problems still remain unresolved.

First of all, negotiations on Trade Facilitation should be launched during the Doha Round. In a few words, these negotiations aim at speeding up the passage of goods across the borders, by reviewing, modernising and standardising the customs procedures among the WTO members. Trade Facilitation has often been seen as the least dangerous among the four Singapore Issues, but nevertheless it poses some serious questions and threats for developing countries. New customs rules could mean high costs of implementation for infrastructures, training, etc, which are hardly affordable for the poorer nations. Some developed countries (notably the US) have already proposed to aid developing nations with the implementation and help covering the costs, which means to further condition these countries’ trade to developed countries’ technologies and control. On the other hand, refusing this aid could lead to »irregular« customs procedures, and thus risk being severely penalised in respect to other WTO members.

Moreover, it is still unclear what the consequences of fast custom procedures may be, for instance, in terms of food safety or national security standards.

Another important aspect is that the General Council’s final declaration states that the other three Singapore Issues are out of the Doha Agenda, but not out

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WTO is obsolete, say activists of the ›Our World is Not For Sale network‹ in Cancún
Source: CRBM
of the WTO once and for all. It is also unclear whether the working groups on these three issues will continue to meet, even if not with the aim of starting an official negotiation, but possibly preparing it for the next negotiation round. Thus, in the next years we may face once again the threat of having these issues inside the WTO Agenda, and one objective from civil society groups should be to work against this eventuality.

Even with this achieved, we have to bear in mind that today more than 70% of Foreign Direct Investments are related to the service industry, most of it potentially falling under the GATS rules (mode 3). The withdrawal of the Singapore Issues is therefore a first necessary but insufficient step towards getting investment issues out of the WTO and towards the shrinking and the radical reform of the WTO and of international trade rules. Our goal to exclude the WTO from dealing with investment and other non-trade issues, thus, passes through the fight against the GATS agreement.

Moreover, we should keep in mind that US and EU lobbies never renounced to push for investment agreements outside the WTO umbrella. After the Cancún failure, we are witnessing an increased attention towards regional and bilateral agreements focussing on investments as well as with other issues, for example in the frame of the economic Partnership Agreements with ACP countries. These agreements are potentially even less democratic and transparent than those negotiated in the WTO, as there is no common framework of negotiations and western nations feel less constrained to use their economic and political weight to impose their will to the weaker developing countries.

Setting these bilateral and regional agreements aside, in a briefing held for the EU member states in the beginning of March 2004 in Geneva, the European Commission told that it would discuss with the ›friends of the Singapore Issues‹ about possibilities to insert these issues into the institutional frame of the OECD.

As mentioned earlier, an investment agreement negotiated in the OECD had already been proposed in 1998 (MAI). Negotiations were, however, interrupted after an international civil society campaign and the decision of the French government to withdraw. An investment agreement in the OECD could nevertheless be re-proposed. It would conveniently allow to bypass the opposition of many developing countries in carrying on plurilateral negotiations only between the richest nations, giving the chance to get a more ambitious agreement than the one discussed in the WTO. This could also be one of the reasons why the US did not push for the Singapore Issues in the last months. Finally, this time it would be much more difficult to stop a new investment agreement in the OECD than it has been back in 1998. In fact, if the EU Constitution will be approved as it is now, the EU would negotiate as a single body on behalf of the 25 countries, without giving the possibility for a single European country to stop the negotiations, as France did in 1999.

In conclusion, as the threat of the Singapore Issues has weakened, but not completely vanished, new clouds are appearing at the horizon. Those clouds are the GATS, the regional and bilateral and an OECD investment agreements. All these negotiations have one main common aspect: their approach aims at giving the maximum of rights and freedom to the transnational corporations, while governments would be subjected to rules and obligations that weaken their sovereignty to decide if, when and how to open up their markets.

The time has come to raise public attention on the need for a completely contrasting approach, in which social, environmental and human rights issues gain precedence over the right to make profits.
AGRICULTURE AND WTO NEGOTIATIONS: THE NEED TO CLARIFY THE DEBATE ON SUBSIDIES.

By Gérard Choplin, European Farmers Coordination (CPE), Brussels

First, let us understand the Marrakech agreement in 1994

The agriculture policies around the world have been determined during the last ten years by the GATT agreement signed in Marrakech in 1994. The full integration of agriculture in the WTO has imposed to all countries the priorities chosen by the two main economic and military Powers, the USA and the European Union. By giving priority to export, to trade, instead of giving priority to supply each region with good quality food, the GATT/WTO agreement permitted these two powers to maintain their influence on the world market.

It is very important for the European discussion on agriculture policy to understand what was going on during the last ten years, how the European agriculture policy was several times reformed to comply with WTO rules imposed by the USA and the EU itself. Before 1994 the US & EU were used to exporting agricultural products through export subsidies (in US & EU the internal market prices were higher as the international market price because higher costs of production in these so called »developed« countries). The damages of such dumping practices on the third countries, especially the Southern countries, were well known. The countries of the Cairns group, with cheaper production costs, have denounced it.

The US & EU understood that it was time to change their instrument if they want to continue their dominance of the world market. They found a beautiful trick.

The »green box« trick

To continue to export at a very low price without export subsidies, the US & EU agree to ban on middle term the export subsidies, as claimed by many third countries. They decided to drop their internal prices to the international price level and to give subsidies to the farmers so they can produce so cheap. They created a »green« box (that means green WTO light and has nothing to do with environment), where all subsidies not related to the production (decoupled) will be put, and will not be submitted to reduction.

This new system is perfectly perverse. On one side these two rich powers allow what they can implement (as rich countries they can have a big budget for agriculture) and forbid what the poor countries can do: tariffs. Tariffs are indeed the only instrument the poor countries can use to avoid the destructive effects on their rural communities of very cheap imports due to US & EU dumping.

Therefore the green box was created as a trick to continue to dump surpluses of US & EU agriculture on third countries. This is the key of the WTO agricultural negotiation and of the US/EU farm policies during these last 10 years. That's the very sense of the CAP reforms of 1992, 1999, 2003:

• to drop the European internal market price to supply the European agro-industry and big supermarket companies with very cheap agricultural products, often under the costs of production;

• to move the subsidies from direct export subsidies to green box subsidies, with direct decoupled payments paid to the farmers forced to sell their products under the production costs.

The effects on third countries remain the same: they continue to import US & EU surpluses at too low price regarding their own farmers. EU and USA export at prices under their own production costs: that is the very definition of dumping (but WTO recognises as dumping just the difference between internal price and international price !!!...). We define the dumping as the sale/export under the costs of production.
Why the agricultural negotiation in Cancún failed?

After believing that more trade will bring more development, as WTO claims, many third countries realised after 1994 that they did not profit at all from so called »liberalisation« of agricultural trade. The impressive demonstrations in Seattle in 1999 allowed them to say no to the next step proposed by WTO. The above described trick has become clear for many governments: the question is just if they have the political force to say no to the huge economic/military pressure of US & EU.

But the world is moving and Powers also. When Brazil, India, China (51% of the world population together) decided to join with other countries (G20) and say no in Cancún in September 2003, the game was over. Now the US & EU are trying to re-launch the so called »development« Doha Round, but without changing the rules, the priorities, their agricultural policies and without succeeding to break the G20 as they tried to do, it will be difficult to reach an agreement on the Marrakech/Doha base.

Unfortunately, that does not mean that the position of the G20 is the right one…

The conditions of legitimacy of agricultural subsidies

The G20 is right when it resists to the US & EU domination, but not when it keeps export as the priority and when it proposes to eliminate all agricultural subsidies, putting them all in the same basket. This is the great danger of the present situation for all farmers in the world. And the US & EU have a great responsibility in that situation because they tricked the rules and brought confusion in the use of subsidies. Public support in agriculture has legitimacy and is necessary, when it is not used to export under the production costs of the exporting country, but supports the production and the living of sustainable farms and living countryside; or when it allows farmers (especially in the South) to produce.

After the pre-agreement in July 2004 in Geneva

On July 31st, 2004 the WTO members agreed on the base of negotiations for agriculture, which does not recognize the hereupon explained trick and would allow the USA and EU to continue their export under production costs with green (and some blue) box subsidies. Big Southern exporters like Brasil, which play with India and Australia an important role in Geneva in July maintain their priority to export, to market access into the EU-US markets. Sustainable family farms in the North and in the South would be the great losers if such an agreement will be confirmed at the WTO ministerial conference, now decided for December 2005 in Hong-Kong.

For European and World Food Sovereignty: WTO out of Food and Agriculture

»Food sovereignty is the right of peoples to define their own food and agriculture policies, without dumping regarding third countries« (Via Campesina). Food sovereignty does not negate trade, but rather, it promotes the formulation of trade policies and practices that serve the rights of peoples to safe, healthy and ecologically sustainable production.
The WTO is not appropriate to fix fair rules of agricultural trade, as it was created on a so called »free trade« basis, what is everything but free. We do not believe that WTO can change this basic attitude. Therefore we call for WTO out from agriculture, food and also water, education,…

The Marrakech agreement, with its basic trick, has to be removed and new trade rules, fair rules have to be negotiated in a new framework linked to the UNO, based on the following basis:

- elimination of all forms of dumping (export under the costs of production due to direct export subsidies or green box subsidies);
- right to every country/union to protect from low price import;
- right to subsidy sustainable and multifunctional agricultural production not exported;
- need for supply management programmes on national and international level.

These are not only the conditions for fair trade, but also for keeping farm prices linked with the production costs, in order to maintain and develop sustainable family farming. These are the conditions for a legitimate, sustainable, and essential new CAP based on solidarity.

From Cancún to Hong Kong: Challenging corporate led trade liberalisation

By Goh Chien Yen, Third World Network

Negotiations are underway in the WTO to liberalise trade in manufactured goods, as part of the broader work program initiated at the WTO’s Ministerial Conference in Doha, Qatar in November 2001. The outcome of these negotiations on »market access for non-agricultural products« (NAMA) will have a crucial bearing on developing countries’ prospects for industrialisation, economic and human development.

Some developed country members such as the US, EU and Canada have been pushing for a very dramatic reduction in the level of tariffs through the use of a non-linear formula. In particular, the US has stated that they would like to see tariffs brought to zero before 2020. In line with this ambition, the US has submitted its very ambitious proposal of cutting tariffs by to no more than 8 % by 2010 and then subsequently to zero by 2015.

Some developed country members have also argued strongly for the adoption of a sectoral tariff elimination approach where tariffs in certain identified sectors would be cut to zero.

These proposals are unfair and discriminate against developing countries.

Developing countries given their tariff structures will end up making dramatically more significant cuts in their tariffs than developed countries under these proposals. This is in clear contradiction to the explicitly stated and codified legal principle of »less than full reciprocity«, as found in the Doha Declaration and the GATT 1994 respectively.

In more practical terms this will translate into developing countries giving greater market access than what they will be getting in return with profound implications on their balance of trade and overall balance of payments.

The developed country members are trying to impose the sectoral tariff elimination approach on all members, including the developing countries by making this approach mandatory. This means that sectors identified by all members during the negotiations will have to have their tariffs reduced to zero. So far, 7 sectors which include, electronics, fish and fish products, leather products and motor vehicle parts have been tentatively identified. These sectors will have their tariffs reduced to zero. For many developing countries, these very sectors account for their relatively higher tariff structures compared to the developed countries. Hence, to force all members to reduce the tariffs in these sectors to zero would be glaringly inequitable. For instance, a developing country with 40 % tariff would have to reduce this to zero, while a developed country with a low tariff of 3 % would also have to reduce this to zero. The disparity in the burden of the obligation is patent.

Traditionally this approach has always been voluntary, and this was the way it was done among the developed countries themselves. Now they want to impose this on developing countries.

These approaches of non-linear formula and sectoral elimination have very real and concrete economic ramifications for developing countries.

First, tariff revenue of developing countries would be drastically reduced as a result of significant tariff cuts they would have to make under both the non-linear and sectoral tariff elimination approaches. Right now, many developing countries derive up to 30 % of their governments’ revenues from the imposition of import tariffs. In comparison, OECD governments on average rely on slightly less than 1 % of tariff revenue for their expenditures.

This will have serious implications for public spending on social services as the governments’ overall budget is being diminished.

Second and perhaps the main issue at stake for developing countries is the fate of their industries and prospects for industrial development.

Industrial development is critical to a country’s overall economic development. Successful industrial
development means the provision of jobs in the manufacturing and industrial sectors. This will also allow for effective diversification and development of the rural and agricultural sectors. This will also raise the country’s overall level of productivity. There will be important backward and forward linkages in the country’s economy as its industrial and manufacturing sectors develop. It will raise the level of hard and soft technologies.

Given, the effective absence of financial support for their own industries in developing countries, trade policies that pursue and promote effective industrialization will play a more significant role. In this case, having an optimal level of tariff goes beyond the issue of trade and has a key developmental role to play in developing countries.

Developing countries, especially those in Africa, have suffered the negative consequences of excessive and rapid trade liberalization in this respect as a result of the structural adjustment programs of the World Bank and the IMF. Their industries have collapsed: Factories are closed and industrial jobs are lost.

The EC-US and Canada submitted a joint paper just before the Ministerial in Cancún, August last year (2003). This was by and large reflected subsequently in the draft ministerial text also known as the Derbez text. Formal submissions by developing country members such as India, Kenya and Nigeria have largely been ignored. The current framework on NAMA as contained in the Derbez text is therefore undemocratic and partial. It reflects more accurately the joint Canadian-US-EC paper on NAMA. In the post-Cancún period, the Derbez text on NAMA has now been adopted as Annex B of the »July Package« during the WTO General Council Meeting on 1st August 2004.

Most developing countries (especially from Africa and the Caribbean) had opposed the Annex for many months, as it had been recycled from the same NAMA draft (known as the Derbez text) presented at the Cancún Ministerial of September 2003. It had been criticized at Cancún and in the post-Cancún period. Many developing countries had submitted their own proposals for a NAMA framework, which were radically different from the Derbez text.

In the end, the developing countries agreed to accept the disputed Annex with no modification, except that it is prefaced with a first paragraph explaining that the Annex contains »the initial elements« for future work, and that »additional negotiations are required to reach agreement on the specifics of some of these elements.« These relate to the formula: treatment of unbound tariffs, flexibilities for developing countries, participation in the sectoral component, and preferences.

It is incredible how such an important text as a Framework for modalities on such an important subject as NAMA could be adopted without any changes whatsoever, even though its most important elements had been opposed by so many members; and that many members who object to it find themselves in a situation where they had to agree to adopting it, with only an inadequate »chapeaux« or paragraph 1 to indicate that they can re-open some aspects of it, and with no guarantee that the re-opening can be to an adequate extent.

Nonetheless, this paragraph has given the developing countries a space from where to continue to battle for a better framework. But since the Derbez text forms the rest of Annex B, and will be the basis for negotiations, it will be an uphill task for the developing countries to put forward their own versions of modalities that are suited to their industrial development. The unjust process of placing a non-consensual and contentious text as the framework, and then asking countries to work with it as the basis, has placed the developing countries at a grave and unfair disadvantage. It will be an uphill battle for them to limit the damage, and a more than Herculean task to succeed in putting in place an alternative set of modalities.

Thus, the July decision on NAMA is extremely damaging to development and poses a grave danger to
the survival of industries in many developing countries. Much work has to be done to at least limit the more damaging aspects of the framework in the post-July-era.

The current negotiations must and can take into consideration these critical developmental issues. Developing countries must not shy away from making their legitimate demands and undertake an urgent and honest appraisal of what they are getting out of the negotiations. This is their right which they have to forcefully assert for themselves and their peoples.

For further information see: www.twnside.org.sg
G20 LEADERS SUCCUMB TO DIVIDE-AND-RULE TACTICS: THE STORY BEHIND WASHINGTON’S AND EUROPE’S TRIUMPH IN GENEVA

By Walden Bello and Aileen Kwa*
Focus on the Global South

The July Framework Document is a major triumph for the big trade superpowers, particularly the European Union and the United States. As for the developing world, the situation is more complex, with most countries losing but some claiming that they have made gains. Attention needs to be paid to the dynamics of the July framework negotiations since they were a departure from traditional North-South trade negotiations and may set patterns for things to come.

General Council supplants the Ministerial

Institutionally, among the innovations is that the General Council has now become de facto the supreme institution for WTO decision-making. What the July meeting came up with was effectively a ministerial declaration without a ministerial meeting. Only 40 trade ministers were present in Geneva for the July GC meeting. Obviously, with some 100 ministers of WTO member countries absent, a great many governments failed to fully grasp the significance of the meeting.

As for global civil society, which had played such a critical role in the outcome in Cancún, it was, for the most part, complacent, failing to appreciate how quickly the trading powers could rebound from their state of disarray. Very few NGOs had people in Geneva during the critical days in July.

Dealing with the G20

Yet, this was not simply the old-style manipulative behavior of the trade superpowers and the WTO secretariat of the pre-Cancún period. The post-Cancún situation made this impossible since Cancún marked the emergence of the G20 as a key player in trade negotiations.

The G20 was a phenomenon that was received positively among the developing countries. Yet there were apprehensions that the most influential members of the G20 were agro-exporters like Brazil and that the main focus of the group was ending the EU and US’ massive subsidy systems and bringing down tariff barriers to market access in these prosperous markets. Some countries felt that this focus was inadequate as a strategy for defending developing country interests. This led to the formation of the G90 (composed of the Africa Group, ACP and the Least Developed Countries) which united around the effort to block the »New Issues« of investment, government procurement, competition and trade facilitation from coming under the jurisdiction of the WTO.

Nevertheless, the G20’s formation did electrify the ranks of developing countries. By the spring of 2004, Washington’s dual strategy—pursuing bilateral agreements and destroying the G20—was running into trouble. The Free Trade Area of the Americas (FTAA) that it wanted failed to materialize in the ministerial summit in Miami in November 2003, and it also began to realize that bilateral agreements could complement but never substitute for a comprehensive, multilateral free trade framework to promote corporate trade interests. At the same time, the G20, despite the initial defections, held firm.

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To get the WTO restarted, Washington, working closely with Brussels, shifted gears. Instead of trying to destroy or undermine the G20, they moved to make its leaders, Brazil and India, a central part of the negotiations in agriculture, which was the key obstacle to any further moves at liberalization. Thus was formed in March the informal grouping called the Five Interested Parties (FIPS), composed of the US, EU, Australia, Brazil, and India. It was in close consultation with this grouping that WTO Agriculture Committee Chairman Tim Groser produced the proposed agriculture text of the July Framework.

Coopting Brazil and India worked brilliantly also because of Europe’s role in dividing the developing country bloc. Just weeks ahead of the July deadline, Trade Commissioner Pascal Lamy came up with the »Round for Free« ploy (which was never followed through), offering the G90 what he couched as special dispensation by way of not having to reduce tariffs on agriculture in the negotiations. This pitted G90 countries against the bigger developing countries, Brazil, India, Indonesia, China etc, whose markets the major powers wanted opened up. The Latin American / Cairns developing country agro-exporters also wanted market access in other developing countries. Those whose markets were targeted by the US and EU saw the G90 as being in the pockets of the developed countries. The G90 in turn was put in a situation where they became naturally suspicious of Brazil and India for continuing to pursue market access negotiations in agriculture.

The EU also targeted Kenya, a leader of the Africa Group, an observer in the G20, and a broker between the G90 and G20 just days before the July framework. On 21 July, the EU withdrew aid from Kenya to the tune of US$ 60.2 million. The reason given was the »prevailing governance situation in Kenya«. Informal sources, however, speculate that the EU did not want Kenya to be »too confident« at the meeting. Such tactics of »persuasion« was acknowledged by UK’s Trade Minister Patricia Hewitt, »The UK is using its influence to persuade developing countries that a deal is in their interest«.\(^1\)

The key to the victorious US and EU strategy was bringing Brazil and India into the core group of the negotiations, then acceding to these countries’ core demands in order to detach them from the rest of the developing countries. Among those that were left disadvantaged from India and Brazil placing their specific interests in command were the majority of developing countries whose markets will continue to be flooded by dumped products from the US and EU and which have now agreed to speed up their offers of services for liberalization.

During and after Cancún, the G20 was seen in some circles as representing a major power shift in the global trading order, as the dynamo for a reinvigorated »New International Economic Order.« The reality is that the G20, and in particular Brazil and India, have been accommodated into the ranks of the key global trading powers, but it is increasingly becoming clear that the price for this has been their diluting the strength of

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1 Elliott L 31 July 2004 »Hewitt Urges Poor Nations to Accept WTO’s Free Trade Deal«, Guardian.
the negotiating position of the South. More than ever, the South needs leadership, one that is willing to take risks for the whole and rejects the temptation to settle for small and maybe illusory gains for one’s country. Many had expected the leaders of the G20 to fill this role. In the first decisive post-Cancún encounter, the latter have not lived up to expectations.

Abridged version. The original article can be found at Focus on the Global South:
http://www.focusweb.org/main/html/Article408.html
BITING BACK: CITIZENS OBJECT AGAINST THE US LED WTO COMPLAINT ON GMOS

By Alexandra Wandel and Carmen Olmedo, Friends of the Earth Europe

Biotech companies have invested billions in genetically modified products (notably GMOs) that nobody needs and nobody wants. Such products can inflict serious damage on to biodiversity and wildlife, undermine consumer choice, make farmers dependent on big business and jeopardise food security in developing countries. Nobody knows what risk they pose to people’s health.

George W. Bush is now using the World Trade Organisation (WTO) to force feed European citizens genetically modified food. If successful, not only will the EU have to accept genetically modified food and farming, but so will the rest of the world.

The GMO trade dispute: »Europe will eat my GMO food!«

In order to protect its citizens and the environment the European Union has a restrictive and precautionary approach to genetically modified food and farming. However, the United States, Canada and Argentina believe this is a barrier to trade and have filed a legal complaint at the WTO in May 2003. Their argument being that the EU is illegally blocking trade and damaging their economies by not approving new GMO products and by allowing EU member states to invoke national bans on GMOs.

If the WTO rules in favour of Bush, Europe will have to either face billions of Euros in penalty tariffs, or weaken its rules in favour of the biotech industry at the expense of people’s health and the environment. In a previous case, when the WTO said that the EU had to accept hormone treated beef from the US, the EU was sanctioned US$ 116.8 million per year. The US imposed 100 tariffs on European products such as diary, and vegetable products.

There is serious concern that the WTO will rule in favour of the US led coalition by spring/summer 2005. The WTO procedures allow members to appeal. Following this likely appeal phase, a final ruling can be expected by end of 2005.

Why the WTO is the wrong place to decide what you eat

Trade rules, once agreed within the WTO, limit the ability of our governments to regulate trade in order to protect people and the environment. The WTO considers environmental, health and social rules as barriers to trade. The WTO’s dispute settlement process can overturn local and national laws that are considered contrary to the goal of free trade. The WTO’s procedures are also undemocratic and secretive.

If Big Biotech Business wins…

The fact that there »may« be a WTO ruling against Europe’s restrictions over GMOs scares the European Commission who is now caving in under WTO pressure. Since the dispute has started the Commission has started to aggressively push GM products against the will of the public at large and a significant number of member states. In particular, the Commission has:

• Forced through the approval of two GM products (Bt11 sweet-corn and NK603 animal feed) even though member states were divided over their long-term effects and the lack of proper testing carried out by the biotechnology companies concerned;

• Put pressure on those member states (Austria, France, Germany, Luxembourg, Greece, Italy) that have GMO bans in place urging them to drop such bans. Considering the lack of scientific agreement and the lack of knowledge about the long-term effects of GMOs (not to mention the problems associated in preventing contamination from such
products) national Governments must have the right to suspend the marketing in their territory.

The Commission lifted the de facto Moratorium on the approval of new GMOs by the approval of 2 GM crops despite scientific uncertainty and potential environmental and health problems. In addition, Austria, France, Germany, Luxembourg, Greece, Italy and UK have been targeted that maintain national safeguards measures to protect their citizens and their environment from GM and farming.

In addition, there is the threat that the US and Argentina might also attack the EU’s new labelling and traceability rules in the WTO. In November 2003, 23 major agriculture lobby groups wrote a letter to the US government, urging them to take immediate action as these regulations are »trade barriers«.

There is little doubt that this case is also meant as a warning to other countries not to restrict genetically modified food and farming. The US has used the WTO against a small number of countries such as Croatia, Sri Lanka, and Bolivia who were considering GMO legislation or bans.

Caving in to WTO pressure and a decision in favour of the biotech industry would mean only a few winners, namely big biotech corporations, but many losers: concerned consumers, farmers (especially in developing countries), and the environment.

The US and its allies act on behalf of agri-business

The US has initiated the current trade dispute over genetically modified food and farming to help big agri-business. US maize farmers claim they are losing 300 million dollars a year because they cannot sell their products in Europe due to the precautionary rules of the EU. In addition to farmer pressure there has historically been a cosy relationship between Monsanto, the world largest seller of GM products, and successive US administrations. The connections are not limited to the US administration: Monsanto’s former Chief Counsel, Rufus Yerxa, was appointed deputy to the WTO director general in August 2002.

After launching the trade dispute at the WTO, George Bush accused the EU of impeding efforts to feed the world by restricting trade in GMOs. He stated that »European governments should join, not hinder, the great cause of ending hunger in Africa.« However even US studies show that GMOs do not lead to increased crop yields. GMOs won’t deliver food security but will quite possibly make the situation worse as biotech companies attempt to make third world farmers dependent on them rather than remain self-sufficient. For example, GMO seeds are patented, meaning farmers are not allowed to save seeds from each harvest for replanting but must buy new seed annually.
Bite Back today and submit your citizens’ objection to the WTO

Friends of the Earth International, with the support of organisations such as ActionAid Alliance, Jose Bovés’ Confédération Paysanne, the International Gender and Trade Network, Public Services International, Public Citizen and Vandana Shiva’s research foundation, invites citizens from all over the world to submit their individual Citizens’ Objection to the WTO, demanding not to undermine our right to eat GMO free and to dismiss the US complaint.

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WATCH OUT BEYOND THE WTO: THE EU’S AGGRESSIVE MULTI-LEVEL TRADE AGENDA

By Peter Fuchs and Klaus Schilder, World Economy, Ecology & Development (WEED), Germany, October 2004

»...So should we now be ready (...) to evaluate the advantages and disadvantages of alternative approaches, plurilateral and bilateral, if the pursuit of the (...) objectives in the WTO were now to be blocked by other participants? All of these [bilateral and regional] activities and initiatives (...) should now be reconsidered to determine whether their deepening and / or acceleration would be in the interest of the EU.« Peter Carl, DG Trade in a think-piece, 25 September 2003

Ever since the collapse of the WTO Ministerial in Cancún there have been complaints among European supporters of the WTO—who regard this institution as a true symbol of »multilateralism«—about unilateral and bilateral political initiatives of the United States. Indeed, Robert Zoellick, the US trade representative, came up with a quite blatant statement in the aftermath of Cancún in which he announced further US-initiatives towards regional and bilateral trade and investment liberalisation. In his infamous Financial Times article of September 22nd, 2003 he wrote: »America will not wait for the won’t-do countries (...) the key division at Cancún was between the can-do and the won’t-do. For over two years, the US has pushed to open markets globally, in our hemisphere, and with sub-regions or individual countries. As WTO members ponder the future, the US will not wait: we will move towards free trade with can-do countries.« But is it really just the US which pushes its economic interests in fora outside the WTO? No! The European Commission as the power centre of EU trade policy is pursuing its own neo-liberal liberalisation and deregulation scheme multilaterally within the WTO and at the same time in regional and bilateral processes!

In negotiations with groups of developing countries, or with single states, the EU uses a multilevel strategy to put pressure on negotiation partners: When offering progress or concessions on one negotiation level (e.g. in bilateral negotiations with the Mercosur-countries, including Brazil), it keeps in mind its overall goals and links the bilateral processes to the multilateral negotiation-level (where, for example, it tries to split the G20-group led by Brazil). As if going on a congested multi-lane motorway, the EU keeps changing lanes to get as quickly as possible to the destination: far-reaching trade & investment liberalisation and the protection of EU economic interests (which in the agricultural sector are, of course, less liberal than in others).

Up to now critical civil society actors in Europe have largely neglected the interplay of the various levels of EU trade policies and attained very little knowledge of...
the various inter-regional and bilateral agreements and negotiations. However, now it is high time for all of us to look beyond the WTO-framework!

Bilateral negotiating processes can lead to far-reaching obligations for developing countries in areas where WTO decisions have not been taken yet or seem to be blocked by southern resistance. In addition, according to GATT article XXIV regional/bilateral agreements by definition constitute «WTO-plus» commitments that reach beyond the WTO framework. Outgoing EU Trade Commissioner Pascal Lamy was clear about this when he recently said:

»We always use bilateral free trade agreements to move things beyond WTO standards. By definition, a bilateral trade agreement is »WTO plus«. Whether it is about investment, intellectual property rights, tariff structure, or trade instrument, in each bilateral free trade agreement we have the »WTO plus« provision.«

Pascal Lamy, Jakarta Post, 9 September 2004

As most of the regional free trade agreements have been in force for a few years only, knowledge of the potential development impacts of regional trade liberalisation is still very limited. However, many people have experienced the costs of trade liberalisation as a result of structural adjustment programs.

Of the more than 250 treaties reported to the WTO one third have been signed in the 1990s. Like a spider in her net, the EU sits at the centre of a network of agreements (see Box 1) and is currently negotiating additional ones with various developing countries.

With five countries or country groups the EU is currently negotiating bilateral trade and/or association agreements (see Box 2).

These negotiations include the Gulf Cooperation Council (Bahrain, Qatar, Kuwait, Oman, Saudi Arabia), the Mercosur (Argentina, Brazil, Paraguay and Uruguay), the Mediterranean littoral countries and Syria. In addition, the EU plans to conclude regional trade liberalisation agreements, the so-called Economic Partnership Agreements, with the ACP-countries.

These bilateral negotiations almost always include the so-called »Singapore issues« (investment, competition, government procurement, and trade liberalisation). In many cases far-reaching liberalization of services and intellectual property rights are negotiated as well.

Conclusion

As European activists we need to critically analyse and challenge all levels of the EU liberalisation agenda, not »just« the WTO-negotiation process. The EU is threatening to intensify her regional and bilateral negotiating efforts and should be taken seriously.
Box 2: Current Bilateral Negotiations on EU Trade Agreements with Developing Countries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Aim</th>
<th>Start of negotiations</th>
<th>End of negotiations</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASEAN Countries</td>
<td>TCA (Trade and Co-operation Agreement)</td>
<td>2003</td>
<td>?</td>
</tr>
<tr>
<td>Golf Cooperation Council</td>
<td>FTA (Free Trade Area)</td>
<td>1990</td>
<td>?</td>
</tr>
<tr>
<td>Iran</td>
<td>TCA</td>
<td>2002</td>
<td>?</td>
</tr>
<tr>
<td>Mediterranean Countries</td>
<td>FTA</td>
<td>1995</td>
<td>2010</td>
</tr>
<tr>
<td>Mercosur</td>
<td>FTA</td>
<td>2000</td>
<td>2004 ?</td>
</tr>
<tr>
<td>Syria</td>
<td>EMAA (Euro-Mediterranean Association Agreement)</td>
<td>1998</td>
<td>2004</td>
</tr>
</tbody>
</table>

Source: European Commission, DG Trade—July 2004

there is nothing really new about it, the EU-approach should not be misinterpreted as an alternative to the multilateral efforts. Bilateral and regional treaties are concluded as a supplement and not as an alternative to multilateral agreements—partially being used as political testing sites and for blackmailing reluctant developing countries. A biased focus on the aggressive US bilateralism after Cancún is diverting attention from the offensive multi-level EU trade and investment strategy.

For further information check these websites:

www.bilaterals.org

bilaterals.org is a collective effort to share information and stimulate cooperation against bilateral trade and investment agreements that are opening countries to the deepest forms of penetration by transnational corporations. This website was initiated by several organizations and activists who felt the need for an open space on the Internet to share information and action ideas about bilateral deal-making. However, all organizations, networks or individuals active on these issues or wanting to get more involved are encouraged to participate.

www.epawatch.net

This website is meant as an instrument to monitor the trade negotiations between the European Union and the ACP countries which will take place between 2002 and 2008 with the aim of concluding Economic Partnership Agreements (EPAs).

www.stopepa.org

This website aims to facilitate a large coalition of ACP and EU civil society organisations aiming at stopping the EU’s current approach in negotiating free trade agreements with the countries of the ACP.
THE EU-25: EUROPE´S TRADE POLICY MAKING AND CHALLENGES FOR CIVIL SOCIETY IN OLD AND NEW EU MEMBER STATES

By Leonhard Plank, Attac Austria

Great hopes and fears are connected with enlargement. As for civil society, we face the challenge to enlarge existing networks in both directions—from East to West and vice versa. This challenge is even more pertinent in policy areas, where the European Commission has achieved important competencies, such as trade policy.

With the accession to the European Union, the ten countries have formally adopted all aspects of the «acquis communautaire». As from May 2005 25 member states decide upon central European policies in the respective Council of ministers. For the 10 new member states this means that their trade policy in large part will be decided among 25 countries in Brussels. In Geneva, at the head quarters of the WTO, it will be the European Commission to lead the negotiation on behalf of the EU 25. Civil society groups engaging in critical trade policy work in the 10 new member states face, all at a sudden, a new level of policy making—the European Commission and the Council of Ministers.

Among others, two areas of trade negotiations need now to be at the core of an enlarged civil society network—agriculture (including the issue of genetically modified organisms) and services. As for services, liberalisation and privatisation processes are nothing new for the majority of the newly accessed countries, given the restructuring process along the liberalisation, deregulation and privatisation paradigm of the advisors from World Bank, IMF and neoliberal think-tanks that took place during the ’90s. The benchmarking of EU in the run-up to accession (the so called »Regatta«) accelerated these restructuring process, leading to an increase in poverty in most of these countries. An increasing number of civil society groups in the 10 new member states has started to work on these policies. A few have already extended their work to the GATS, the General Agreement on Trade in Services, which aims to lock in the liberalisation process at the world wide level. For instance, Hungarian groups have started to inform members of parliament about this agreement and launched a debate about the agreement and its negative consequences.

The second area of attention for critical trade activists in the enlarged European Union is agriculture. Agriculture is still an important sector of employment in some of the new member states, in comparison to the EU-15. Inside the EU, those countries that have only marginal agriculture, increase pressures to further limit EU’s expenditure on Agriculture. Furthermore within the agricultural sector, larger farmers and agri-businesses tend to prevent a Common Agriculture Policy, which truly combines policy objectives of food security and food sovereignty, with ecological sustainability and fair trade. Such a policy would imply the use of policy instruments to ensure that export dumping is prohibited and supports rather small scale, ecological farming, than intensive agro-industrial farming. Protests from farmers in the new member states against the CAP, as well as those from farmers in the old EU 15 are crucial. The challenge for civil society groups at the European levels lies in establishing a stronger coordination among those fighting against corporate globalisation in the various sectors, whether it be agriculture, services or any other area. This is particularly important given the fact that e.g. at the WTO level, agriculture for the time being remains the key area for developing countries, when for the EU the main focus lies rather in areas such as services and non-agricultural market access or Singapore Issues.

2 Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia and Slovakia have acceded the EU on 1 May 2004.
The current trend to continuously shift trade policy competence from the national to the EU level, without a democratic institutional setting at this level, has already led to an enormous democratic deficit of European trade policy making. Today still only a few parliamentarians at the national and even at the EU level truly know the debates and negotiations the EU is leading on behalf of European citizens within the WTO or within regional trade negotiations. However trade policy today is social, environmental, industrial, financial policy among others. To change the current course of EU trade policy, we face the challenge to create commonly an EU-wide network, which includes civil society groups from all EU member countries. Given the different history and development of eastern and western European countries, we also face the challenge to mutually understand the current processes at the local level, our differences and special needs to successfully work together.

“GATS is threatening basic services worldwide” a clear statement made at a demonstration for Trade Justice in Brighton, U.K. Sept. 2004
Source: WDM
CONSTITUTION OPENS MORE DOORS FOR PRIVATISATION

Leaving Trade Policy to «The Brussels Machinery» Will Threaten Democracy in Many Ways

By Kenneth Haar, ATTAC-Denmark

Today’s international trade negotiations are not just about technicalities. Serious issues concerning the future of our societies are at the negotiating table at the WTO in Geneva, and they merit serious political debate and public involvement. The chapter on «The Common Commercial Policy» in the new EU Constitution is a step in the opposite direction. Sensitive matters, for instance basic public services, will be easier to trade off for the EU negotiators and harder to stop if the Constitution is adopted at the referendums in a number of EU Member states. Another door is being opened to the forces pushing for privatisation. Not only are the formal chances for democratic control at the national level being undermined, the procedures replacing them at the EU-level are becoming less, not more democratic, if the Constitution comes into force.

Effectiveness

Business lobby groups have worked for many years to move more competence on trade policy to the EU-level. Given the close bonds developed between European Corporations and the European Commission, the interest of the business associations such as the European Roundtable of Industrialists is apparent. They want a Commission with a strong mandate to promote their interests. Now they’ve got a breakthrough, and this is partly due to the enlargement. Early on the prospect of enlargement gave rise to fears of political paralysis and a demand for rules that would guarantee «effectiveness» in the light of diverging interests of EU member states. Indeed, the new rules enhance «effectiveness», but the loser is democracy.

Public services as »Tradables«

Remarkably one of the big steps in the Constitution is in the area of «trade in services», including public services. Through the GATS agreement of the WTO, services are becoming increasingly important in trade negotiations. And public services are both an area of increasing interest to the EU and the European corporations (for instance water supply), and as bargaining chips (for instance when the EU offers increased access to postal services). In other words, services that many would consider non-commercial issues, are being labelled as commodities in order to trade them both ways. What the negotiators of the EU, the Commission, are lacking, is the green light to go ahead, and the Constitution lends a hand. The new text of the Constitution reads: «The Council shall also act unanimously for the conclusion of agreements…in the field of trade in social, education and health services, where these risk seriously disturbing the national organisation of such services and prejudicing the responsibility of Member States to deliver them.» Behind the enigmatic text is a creative compromise between countries eager to keep the public sector out and others eager to include it in negotiations on liberalisation. In the debate in some countries, governments triumphantly highlight the fact that, if a proposal poses a serious threat to, say, the public health sector in a given country, the government can insist that a decision is made on the basis of unanimity. This mechanism is often called the «emergency brake». But two problems remain. Firstly, the door is completely open to a more cautious step-by-step approach by which public services are liberalised slowly over the years. Secondly, competence on more areas—in this case trade in core public services—is moved from the national level to the EU-level. In itself this may not sound dramatic. Why not have democratic decisions at the European level? Sure, why not? But this has very little to do with reality and the real rules governing EU Common Commercial Policy.
The Brussels Machinery

Transferring competence on trade issues to the EU will have consequences for every step of the process, from the preliminary discussions on a proposal for strategy, to the final adoption of an agreement. Let’s go through the three main steps briefly.

1. The first step towards an international agreement is the forging of the mandate. And it is the privilege of the Commission to write the drafts. In the process the Commission always makes sure that the major players among the European corporations get a say. That they are consulted would be a very mild way to put it. The Commission often very openly puts itself «at their service». Should they not be properly organised, the Commission is prepared to organise them. That is what happened with the services industry in 1998 when the Commission summoned the big players to form the European Services Forum—since then a major force in EU trade policy making in the service sector. It will be easier for the Commission to work this way on the area of public services, if the constitution is accepted by a majority at the referendums scheduled in a number of countries.

2. The second step—or phase— is the negotiations. The negotiations usually involve a large number of important decisions. And often decisions are taken by the Commission without consulting. Such as in Seattle during the WTO Ministerial Conference in 1999 when Commissioner Lamy offered the US a concession on GMO to get US support for the EU investment agenda. How much political weight should be invested in, say the environmental agenda, and how much emphasis should be put on investment liberalisation? Vital questions such as these, are left to the Commission and a committee of civil servants (Article 133 Committee) when the area under negotiation is under EU competence. National governments and not least national parliaments will have fewer possibilities to intervene.
and the Commission will not have the same incentive to consult with governments.

3. Finally the deal has to be closed, and the expansion of the mandate has important implications for the last step: ratification. In this phase a final deal could be adopted by a qualified majority, whereby several countries could lose. Attempts to stop a deal would meet bigger obstacles, given the removal of the veto power of member states. Ratification of a deal by national parliaments and/or the European Parliament would not take place. For though national parliaments have lost power little by little over the years, the European Parliament remains almost powerless.

More fuel for the machine

Expansion of the competence of the European Union in the area of trade policy is about putting more and more issues through this machine. Public services is but one example of the issues bound to go that way thanks to the EU Constitution. The exact same rules are applied to the area of «cultural and audiovisual services», which at some point could put cultural policy in danger, for instance public financial support for homegrown movies. The Constitution also cuts out a big chunk of the controversial area of «investment policy». Controversial because the last few years has revealed that business and many governments have radical plans to liberalise in this area. Under the heading «investment liberalisation», a broad range of rules governing the conduct of corporations could be challenged. New powers and privileges to corporations would undermine democracy in environmental policies, public service, city planning, resource management and rules would come under pressure to to adjust to a future governed by the laws of the »free« market. The whole purpose of EU trade policy should be «the progressive abolition of restrictions on international trade and on foreign direct investment« according to the proposal (Article III-314 of the Constitution).

The voice of corporations

Such aims are easily pursued within the framework of the Common Commercial Policy. The proposal on expanding the competence of the EU to cover public services, cultural services and international investment issues will restrain and reduce parliamentary control and consequently make it harder for opposition to gain ground. And since parliamentary control is vital to give campaigning and popular debate a significance, this is about democracy losing out, both with regard to the decision procedures and the outcome, be it liberalisation of public services, commercialisation of cultural policy or investment liberalisation. To put it bluntly: The aim of EU trade policy is to struggle for the interests of European Corporations worldwide, and decision procedures are being hammered out accordingly. Secrecy, bureaucracy, a wide space for business lobbyists and ample powers to the Commission are all ideal tools to avoid public debate on the real issues and the real policy.

The answer is a struggle in the opposite direction: demands for a real parliamentary control, for public debate and involvement. The chapter on Common Commercial Policy is not part of the solution, but part of the problem.
FEMINIST CHALLENGES IN THE »POST-CANCÚN ERA«

By Maria Karadenizli, WIDE

Prior to the Fifth WTO Ministerial Meeting in Cancún representatives from feminist organisations came together during a two-day International Forum to debate strategies on reforming WTO agreements in those areas that are of critical importance to the socio-economic empowerment, entitlements and rights of women and men. Focusing on the Agreement on Agriculture, TRIPS, GATS and the Singapore Issues, the participants at the Forum developed a comprehensive analysis of how «corporate-led» WTO agreements deepen asymmetrical power relations between the North and the South and existing inequalities between different social groups and among women and men in different societies.

Joining the calls of indigenous peoples, peasants’ movements and human rights groups, feminist organisations at the Forum articulated demands for an alternative model to the neo-liberal WTO agenda based on economic democracy, corporate accountability and citizenship control.

Following the Cancún Ministerial outcome (and while the WTO negotiations are moving at a slow pace in Geneva), feminist organisations continue to face multiple challenges while critically engaging in monitoring the WTO negotiations and the negotiating tactics of major actors at the WTO scene including the US, the EU and the G-20. Given the complexity of WTO negotiations and the »diverse« strategies of different WTO members, feminist organisations need to develop a comprehensive political agenda, which will address the following issues:

• Reform of the WTO structure and review of WTO agreements with the aim of promoting sustainable development, women’s empowerment and equality between women and men as a matter of human rights and conditions for social justice;

• Transparency and accountability of WTO negotiations;

• Integration of a gender analysis into trade policy making with the purpose of articulating a human-oriented, development approach to the «mainstream» trade model imposed on the South by big economic powers and transnational corporations (TNCs);

• Development of alternatives to trade liberalisation agenda based on social thinking and solidarity at local and international level.

On the international level, the recent establishment of the UN Interagency Taskforce on Gender and Trade led by UNCTAD has revived the interest of feminist

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3 The International Forum ›Women on the Way to Cancún: Rights of Women in Trade Agreements‹ took place on 8-9 September 2003 with the initiative of Latin American women’s organisations.

4 The following have been identified as major areas of concern in the context of existing and emerging WTO agreements: the creation of employment opportunities and working conditions in those areas associated with trade liberalisation (for example manufacturing and services), the right to food security and health, control of natural and productive assets as well as access to social services and public goods.

5 Gender analysis: The study of differences in conditions, needs, levels of participation, access to resources and to development, decision-making power between women and men. It aims to make explicit the social hierarchy that rests on the differences attributed to each gender and to explain the unequal appropriation of wealth, political power, status and prestige between women and men in every society.


7 The UN Inter-agency on Gender and Trade has as its main aims to: sensitise policy makers at the national and international level to issues/policies identified as important for achieving gender equality and development and assist countries in integrating gender perspectives and development considerations into global economic processes and trade agreements.

8 The Conference took place in Sao Paolo, Brazil in June 2004. Gender had been identified as one of the three cross-cutting issues of the Conference together with poverty and creative industries.
groups in UNCTAD’s work especially in view of the UNCTAD XI Conference⁹. Given the highly undemocratic nature of the WTO system, feminist organisations see in the strengthening of the UN human rights’ system (and the role of UNCTAD in particular) an opportunity to:

- Counterbalance the power of WTO;
- Bring a distinct feminist perspective in international fora discussing the links between national development strategies and international trade and investment policies, as well as their implications for women’s livelihoods.

At the same time, discussions on the creation of a gender desk within the WTO have stirred lively debates among feminist organisations: some organisations consider »gender mainstreaming« as an important political strategy to influence WTO negotiations and processes. Others take a strong stand against such integrative policies pointing out the need to reduce the scope of the WTO, rather than expand its mandate to new issues given the political and power imbalances on which the WTO agenda is based.

This debate should be informed by a critical analysis of gender mainstreaming initiatives at regional and national levels. At the EU level, limited institutional commitment to gender concerns and political resistance to civil society calls for a radical reform of trade agreements continue to determine the formulation of EU trade policies. Following an internal »reflection« period⁹, little (if anything) has changed in terms of the EU position: The EU continues to promote a corporate-led agenda pressurising developing countries to open up investment and services to trade liberalisation under the pretext of them being »essential elements« of the development agenda. In the area of agriculture, the EU does not consider it necessary to make any further »concessions«, as in its view it had already demonstrated a large degree of flexibility in Cancún despite the political sensitivity of the issue.

In this political context, WIDE is committed to continue developing a critical analysis of the EU negotiating position on the above mentioned negotiating areas. WIDE also aims at raising awareness of the impact of WTO agreements on gender relations and women in their multiple roles as producers, workers and caretakers of their families and communities. Sustainability Impact Assessments¹⁰ (SIAs) have a central role in WIDE’s analysis as a »potential« political space to integrate a gender perspective into the EU trade policy. Looking at the links between SIAs and EU trade policy, WIDE demands that the ongoing assessments:

- Build on a critical review of the international context of trade negotiations and;
- Lead to a comprehensive review of the EU negotiating positions at the WTO level.

As gender issues and women’s voices remain largely absent in trade policies, the development of people-centred, gender-sensitive international trade agreements that will enhance women’s access to resources and promote their empowerment remains central to WIDE’s advocacy agenda.

For further information see: www.wide-network.org

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⁹ The »post-Cancún« EU position is reflected in the EC Communication »Reviving the DDA Negotiations-the EU perspective«, Brussels, November 2003

¹⁰ According to the EC definition: »An SIA is a process undertaken during a trade negotiation which seeks to identify economic, social and environmental impacts of a trade agreement«.
Trade and Environment: From Corporate Diktats to Democratic and Sustainable Rules

By Sebastien Risso, Greenpeace and Alexandra Wandel, Friends of the Earth Europe

Right after the Cancún Summit, a number of arguments have been used to explain the failure of the negotiations: the »medieval« negotiating process of the WTO, the negotiating strategies of the EU and the US, the sheer range of issues on the table and the tactics of the different delegations. All of these are to some extent relevant.

Beyond these short-term views however, the failure of the WTO negotiations should be seen in a wider context. Far from representing an isolated event, it marks a further step in a worsening »systemic« crisis that must be urgently addressed by the global community. In recent years, the international institutions—the GATT/WTO, the Bretton Woods institutions and the UN bodies—have proved themselves unable to perform the tasks they were created for half a century ago: to regulate trade and financial markets, eradicate poverty, and promote sustainable development and peace.

An important reason for this is the weakening of the UN system and the greater political weight given to the economic institutions with their narrow focus on liberalisation and deregulation.

In the last twenty years, trade liberalisation has been aggressively promoted, leading to an astonishing level of global economic and financial integration. Wealth creation has reached an unprecedented high, but the gap between rich and poor has increased and the environment has been destroyed at an unprecedented rate.

What we need are progressive rules to promote sustainable development and alleviate poverty, greater transparency, democracy and citizens’ participation in international affairs. Instead, the WTO pursues liberalisation as an end-goal. It continues to operate according to a medieval decision-making process and an outmoded economic model, based on unsustainable and contentious principles that endanger the entire multilateral system.

In recent years, the WTO has acted as a global governance organisation, and extended its work programme to new areas of competencies, thereby frustrating more appropriate and competent institutions. The enforcement of the new environmental legislations relating to Multilateral Environmental Agreements (MEAs), such as the Kyoto and Biosafety Protocol, cannot be subordinated to free trade and competition rules. These legislations cannot be overruled by trade experts and panelists of an International Trade Court working in clinical isolation. The WTO must be brought back under the UN umbrella, and the scope of its competencies reduced in favour of more appropriate UN institutions.

Based on a new set of rules and principles, the reform should imply a shift in focus away from trade liberalisation as an end in itself, and move towards the goals of sustainable development, poverty eradication, enhanced global stability, equity and justice, and ecological protection.

Since the failure of the Cancún Summit, any idea of reform and the idea even of a debate on the possible options for such a reform was quickly abandoned or torpedoed. Priority remains the liberalisation of services, investment, natural resources and industrial goods and agriculture. The idea to promote a better balanced system of international governance and to consolidate the environmental pillar of the international governance, is systematically opposed in the name of competitiveness and free-market.

Discussions on governance, trade and environment issues are currently in a dead end. The EU’s new attempt to relaunch negotiations on the relationship between multilateral environmental agreements (MEAs) and WTO rules was negatively opposed by many governments. In a body dominated by trade officials and a general climate of »tit for tat« economic
bargaining, no positive outcome for MEAs is foreseeable.

However, the worsening of the current environmental crisis and the abusive use of the WTO to attack international, European and national environmental law shows us that the debate is inevitable. Recent examples of WTO pressure on environmental regulations are the US attempt to force-feed GMOs through the WTO (see article on »Biting back: Citizen’s object against the US led WTO complaint on GMOs« by Alexandra Wandel and Carmen Olmedo) and the threat by a number of countries to undermine the European Union’s proposed regulation on Registration, Evaluation, and Authorisation of Chemicals (REACH). REACH is a current initiative of the EU to reform its out-of-date legislation on chemicals in order to phase-out the worst chemicals and to make industry accountable for the safety of its products. REACH will bring about fundamental and long overdue change in EU policy on chemicals. Yet, the US is now claiming that REACH is fails to prove the »least trade restrictive« test in the WTO Technical Barriers to Trade (TBT) agreement. This use of the WTO to »chill« the development of essential environmental regulation shows that now, more than ever, the trade and environment debate needs to be rejuvenated.

**Counterbalancing the WTO: strengthening environmental governance**

The position of the EU should be viewed in light of the worsening environmental crisis. Europe must stand at the forefront of advancing a global governance system, within which trade rules do not limit or undermine environmental protection (nor prevent the development of progressive legislations based on collective preferences). The WTO must consider environmental impacts in each and every set of negotiations, fully comply with international environmental laws, recognise the authority and autonomy of the existing and future MEAs and facilitate their implementation and enforcement. It has, however, neither the competence nor the expertise to negotiate and decide on environmental issues such as trade measures related to MEAs, the use of eco-labelling schemes, and the definition of environmental goods and services.

As a matter of priority, therefore, European governments should strengthen the environmental governance within the UN system, in order to counterbalance the overweighing of the economic pillar. This means, strengthening the MEAs, their compliance and dispute-settlement mechanisms, and supporting the development of a stronger network of environmental organisations, including UNEP, its Governing Council and MEAs, to take the lead in trade and environment discussions. Such a network would be legitimate and should be central in addressing trade and environment issues, including the relationship between MEAs and the WTO, ecolabelling, environmental goods and services.

**Develop binding corporate accountability rules**

As an alternative to investment liberalisation agreements and further rights for corporations, European citizens also need to ensure that their governments promote rules for big business. Citizens no longer accept the impunity and the ongoing illegal activities of some transnational companies, deliberately breaching and countervening national and international laws, with no risk of prosecution or liability for the environmental and social damage they cause. Such rules, the development of which we cannot foresee within the WTO, should be pursued through the UN. We urge the EU therefore to promote the development of an intergovernmental framework of corporate accountability, in accordance with the commitment it made at the UN World Summit for Sustainable Development in Johannesburg in September 2002.

**Review and repair existing agreements**

The existing WTO agreements and the broad set of trade negotiations under the »Doha Development Agenda« have huge implications for the environment and people’s lives. Current WTO negotiations, including in the fields of agriculture, services, intellectual property and non-agricultural goods threaten to have negative environmental consequences.

The EU must take the lead, ensuring that trade negotiations are conducted from a sustainable development perspective, securing that no negative environmental or developmental impacts can be anticipated.

In order to do so, a review of WTO decisions and rules is necessary. This will determine whether they promote the development of sustainable societies and
ensure that they are compatible with existing UN treaties on the environment and human rights. Such an assessment needs to be carried out before the launch of any trade negotiations.

**Greening the EU policy-making**

In European trade policy also, the central aim must be to contribute to the overarching goal of sustainable development. This can be achieved by making Sustainability Impact Assessments more comprehensive and policy-oriented and integrating their results into the decision-making process. Therefore, the SIAs must be conducted early enough to have an impact on the policy-making process, in a process that is open and transparent. The Committee 133, composed of representatives of EU member states, together with the European Parliament should discuss the results and policy recommendations on a regular basis; with a view to ensuring delivery on the negotiating objectives and mandate. A follow-up mechanism on the implementation of the results must be established.

For further information see: [www.foeeurope.org](http://www.foeeurope.org) and [eu.greenpeace.org](http://eu.greenpeace.org)
THE ROAD AHEAD—CHALLENGES FOR CIVIL SOCIETY AFTER CANCÚN

By Susan George, Attac France and Transnational Institute

On the Sunday the Cancún talks collapsed, the Mexican beer flowed freely and the NGO crowd danced well into the night. It was, for sure, a heady moment, but dawn brought sobriety and a cold, hard look at all that remained to be done. The train had been slowed but neither stopped nor derailed.

Neither the victories nor the defeats of Cancún now seem definitive. We must salute the tenacity of the mid-level and poor developing countries, known as the G-21 and the G-90, who not only stood firm on agriculture but faced down the »Singapore Issues« despite enormous pressure. Theirs was surely a victory, but the European Union in particular still hasn’t given up on the four pillars—as it sees them: Investment, Transparency in Government Procurement, Competition Policy and Trade Facilitation. Both the EU and the Americans are seeking similar or even better deals through the bilateral route in which the partner country is usually at a distinct disadvantage. The only place for the Singapore Issues is off the table and into the wastebasket. Trade activists must try to put them there once and for all.

What if the countries of the G-21 and the G-90 were to apply their new-found unity and firmness of purpose to areas other than trade? Personally, the G-21 had me dreaming. Could their stance be the beginning of a rebirth of the 1970s and of the New International Economic Order, which the US definitively killed in 1981, ironically as it happens in Cancún? I remember how Michael Manley of Jamaica described that other Cancún meeting: »Reagan smiled and smiled and said No«. Reagan and Thatcher ushered in neo-liberalism. Might the same countries defeated in 1981 stand together not just on trade issues but, for example, on debt? If they simultaneously adopted some variant on »can’t pay won’t pay«, the IMF wouldn’t hold out for 20 minutes. Anything the movement can do to promote such an outcome should be encouraged.

Agriculture is trickier. As activists, we can all wholeheartedly embrace the goal of ending the agricultural export subsidies that so copiously flow from Northern governments, mostly to their largest, most powerful producers. Clearly these payments undercut Southern farmers and erode or destroy their countries’ food sovereignty. It’s more difficult, however, at least from a European point of view, to accept the view that all aid to Northern farmers, especially small ones, should become WTO-illegal. Such a measure would guarantee the disappearance of hundreds of thousands of food producers in countries like France, Spain and Italy and ensure the dominance of the largest, most competitive farmers and their highly capital-intensive mode of farming. Northern countries also have a right to food sovereignty and to a variety of healthy, locally produced foods. Civil society from North and South needs to get together and discuss this issue frankly, particularly because at least part of the G-21 proposals are geared to defending exactly the same big transnational agricultural exporter corporations we already know operating in the US, Canada, Australia, etc.

Meanwhile, some particularly scandalous subsidies remain firmly in place and Cancún did nothing to dislodge them, to the contrary. For example, to equal a single year of average subsidy payments to an American cotton farmer, his Malian or Chadian counterpart would need to work for more than 350 years...

The citizens’ movement must absolutely continue to fight GATS which in the longer term would mean an end to public services where they now exist and a guarantee that they will never exist where they are now absent. Education, health, culture and water in particular are extremely enticing and lucrative markets for transnational entrepreneurs.

At an NGO meeting before Cancún with the French Trade Minister, the delegate in charge of trade issues for both the MEDEF [French employers union] and the UNICE [European employers union] said, »Minister, in our view, you have too many priorities. Agriculture contributes comparatively little to French and European GDP. Our priorities are Services and Investment. We
are looking for serious breakthroughs in these areas in Cancún. The corporations haven’t changed their tune. We should take their priorities seriously in setting our own. We are for what they are against and vice-versa.

Perhaps the greatest theoretical and practical difficulty the movement faces is the flagrant democratic deficit at the international level. We can rant and rave against the WTO, we may sometimes even shut it down for a day or two, but it springs back into action, unchanged, once the activists have left town. The European Commission is only slightly less invulnerable. It took a huge lobbying effort and a bombarding of Euro-deputies, just to obtain a modicum of transparency and force the Commission to publish the GATS requests and offers—something that should have been routine in any normal democratically run institution. Even then, the Commission only acted after leaks had revealed a good many of the documents. There seems little further point in trying to target the Commission directly as it will always hide behind its »mandate from member governments«.

What’s left to us as activists? We must act upon those selfsame member governments. Democracy stops, for the moment, at the national level, and this means that civil society, particularly in Europe, has got to be organised internationally. Our campaigns must pick common national targets and employ common strategies. In France, where we have a right wing government, we hope to exert some power by encouraging hundreds of collectivités—regions, departments, large and small towns—to declare themselves anti-GATS zones and to demand a moratorium. If we could force the government to call the Commission’s mandate into question on GATS, then we might at last have the debate we’ve never had on public services, education, health, culture, water and all the other areas of GATS that should be torn up. But there are surely other strategies that could be undertaken together.

TRIPS, too, must not be considered a done deal merely because the pharmaceutical giants made a few minor concessions before Cancún began. This agreement is a tool not just to deprive desperately sick people of life-saving medicines but also to prevent technology transfer to poorer countries with patent protection lasting for 20 years. Nor have we managed to get rid of the scandalous provisions allowing patents on life forms.

It’s great that the Doha Round is stalled for the moment, but we must never lose sight of the interest transnational corporations and the governments of the North have in reviving it. »Free trade« is code for increased corporate control. On our side, we need to broaden and deepen our alliances and coordinate our strategies. The S2B network is one vital tool for doing so.

PS: The Geneva framework agreement arrived at in July 2004 was bad news for NGOs. Smart manoeuvring on the part of the EU and especially the United States damaged the unity of the G-21 by making India and Brazil two of the five members of the »Interested Parties« group that hammered out an initial text on agriculture. This text was further refined by a group of about thirty chosen countries—in other words, we’re back to the Green Room although maybe with different wall-paper. Africa was represented by Mauritius and Morocco—not exactly the most combative among African countries on trade matters. The Brazilian Foreign Minister claimed that for agriculture, the agreement spelled »the beginning of the end« for the rich
countries’ scandalous subsidies, but no dates were set nor formal arrangements made for eliminating any of them. It’s quite possible that subsidies may be kept by slipping them into the new category of »Sensitive Products«. GATS gets an annexe all to itself [C] which states that members that have not yet made their initial offers »must« do so now--the unofficial deadline is May 2005. No service nor mode of supply can be »excluded a priori« and rule-making must be accelerated. One good aspect: among the »Singapore Issuers« only trade facilitation remains. However, the text merely says that the other three won’t be discussed »during the Doha Development Round«. But afterwards? Let’s face it--we’ve suffered a setback and the movement had better get busy, and unified, on GATS and the WTO.

For further information see: www.tni.org/george
The Seattle to Brussels (S2B) Network is a pan-European NGO network campaigning to promote a sustainable, democratic and accountable system of trade that benefits all. Our network includes development, environment, human rights, women’s and farmer’s organisations as well as research institutes. The S2B network has formed in the aftermath of Seattle to challenge the corporate-driven agenda of continued global trade and investment liberalisation of the European Union and other European governments. S2B has also developed as a response to the increasing need for European co-ordination among NGOs. Active groups in the Network are all supporters of the ‘Our world is not for sale’ Statement. In this statement groups call on governments to roll back the power and authority of the WTO and to develop a sustainable, socially just and democratically accountable trade system.

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Seattle to Brussels Network Protest at EU Trade Ministerial, July 2003
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