



Why No Deal is Better than a Bad Deal at the World Trade Organisation

Friends of the Earth, People & Planet, War on Want, the World Development Movement and Greenpeace believe that the deal currently on the table for discussion at the World Trade Organisation (WTO) Ministerial meeting in Hong Kong beginning tomorrow (13 December) fails to meet both EU and UK rhetoric on sustainable development and must be rejected.¹

Instead, the proposed deal threatens to increase global inequality and accelerate environmental destruction by shifting the thrust of the WTO talks from development to market access for multinational corporations.

We therefore take this last opportunity on the eve of the talks to urge Prime Minister Tony Blair and EU Commissioner for Trade Peter Mandelson to ensure that no deal is done in Hong Kong on this basis.

We have a number of deep concerns with the draft Ministerial text, beginning with:

- **Non-Agricultural Market Access (NAMA)** – the draft text has angered many governments by stating that discussions have focussed on the type of formula for reducing tariffs favoured by industrialised countries while failing even to mention proposals tabled by developing countries that they feel would meet their needs better, and ignoring the environmental impacts on key resources such as forests and fish;
- **General Agreement on Trade in Services (GATS)** – the EU must abandon its insistence on inverting the rules of the negotiations by pushing its “benchmarking” approach. This contradicts previous guarantees that the GATS would be approached as a “bottom up” negotiation that countries could participate in as capacity and economic circumstances permitted;
- **Trade-Related Intellectual Property Rights (TRIPS)** – the draft text and the TRIPS Council's 6 December agreement continue to prioritise the interests of global corporations over public health. The export of generic drugs to countries that desperately need them is effectively restricted by procedures that the European generics industry, developing countries and campaigners have all described as “unworkable”. The price will primarily be paid by women

¹ The UK Government; *Securing the Future: Delivering UK Sustainable Development Strategy – Promises Actions and Challenges* (March 2005) “promises” that the UK will develop a “one planet economy” that does not shift our environmental burden on to other countries.

and children. Furthermore, urgent clarification is still needed on patenting biodiversity and traditional knowledge. The WTO must not be permitted to continue to undermine fundamental human rights by protecting companies' patents over public health and access to genetic resources;

- **Agriculture** – the draft text fails to make real progress on a number of key problems. For example, it does not seek to set a schedule for ending the subsidies that lead to dumping, and the proposals on other subsidies do not prevent industrialised countries from simply shifting existing supports from one “box” to another rather than making real cuts. There is growing fear that the proposals may in fact enable such shifts to increase subsidies in such countries, rather than make the decreases required.

Furthermore there is serious concern emerging over the negotiating process from here on, with confusion and lack of transparency retaking the stage. There are apparently two parallel processes currently trying to do the same job: one in which WTO members attend formal meetings to express their views and seek a way forward, and simultaneous series of informal, invitation-only “green room” meetings in which as few as two dozen countries (of the 149 members at the WTO) are also trying to agree what can be secured in Hong Kong and what should happen afterwards.

All of this has led nine countries (Argentina, Brazil, India, Indonesia, Namibia, Pakistan, the Philippines, South Africa, and Venezuela) to submit a statement to the Committee on Trade and Development at the WTO stating, *“The recent proposals of some major developed countries have attempted to sow division among developing countries, re-interpret the framework and trajectory of the negotiations and, in a self-serving manner, narrow, limit and -- ultimately -- undermine the developmental objectives of the Doha Development Agenda.”* Ambassadors said afterwards that *“the debate on development has been hijacked by some developed countries”* that purport to be speaking for developing countries.

Eve Mitchell, Head of the Friends of the Earth Trade Campaign said, “This draft text from the WTO takes the world in the wrong direction. It threatens to increase global poverty by accelerating the degradation of the natural world the poorest people rely on even more than we do. The World Resources Institute, UN and World Bank all agree that, ‘The building blocks of a pro-poor growth strategy *begin* with natural resources.’² The UK and EU have got to do better than repeating to us that they will ‘bolt on’ the environment after a trade deal is done – it simply doesn’t work like that.”

Peter Hardstaff, Head of Policy at World Development Movement added, “The closer we get to the end of this WTO round, the further we get from an agreement that could benefit the poor. It would be better to see no deal in Hong Kong than the kind of deal the EU and USA are seeking.”

Matthew McGregor, Senior Campaigns Officer at War on Want, said, “Even by the WTO’s low standards, this deal would be a devastating blow for the world’s poor. By reneging on their previous promises to put the interests of developing countries first, the EU and the US will lock in poverty around the world. The current deal would be a bonanza for the world’s corporations but a disaster for the world’s poor.”

² World Resources Institute in collaboration with the United Nations Development Program, United Nations Environment Program and the World Bank; *World Resources 2005: The wealth of the poor – managing ecosystems to fight poverty.* (emphasis ours)

Sarah Waldron, Trade Campaigner at People & Planet said, “The draft text for Hong Kong makes a mockery of the idea of a 'development round' and leaves the UK government exposed to the charge of hypocrisy. To reach the much-vaunted commitment to universal access to HIV/AIDS treatment by 2010 it is imperative that access to generic drugs is massively increased. Yet the deal already wrapped up on TRIPS reinforces a position which effectively restricts access to essential medicines. Success at Hong Kong cannot be measured by whether 'a deal' is reached, but by whether it is a deal that prioritises the interests of people and the environment over that of multinational corporations and rich countries. That is not what is on the table.”

Charlie Kronick, Chief Policy Officer at Greenpeace said: “Our government and the EU must not be allowed to sell out the environment at Hong Kong. They must halt the NAMA negotiations in order to prevent further harm to poor people, forests and oceans. Only if government agree a complete social and environmental review of the global trade system can Hong Kong be called a success.”