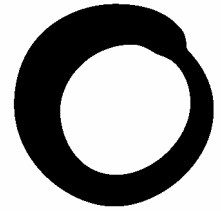


June 2003



**Friends of
the Earth**

Briefing

WTO: CANCUN CON?

Preparing for the World Trade Organisation Ministerial Conference (Cancun: 10th to 14th September)

Introduction

The next ministerial meeting of the World Trade Organisation takes place in Cancun, Mexico between the 10th and 14th September this year.

Intergovernmental conflicts over key issues including the rights of companies as investors, immigration, agricultural subsidy, the future of public services world-wide and access to medicine for the poorest could cause the negotiations to collapse, as they did in Seattle in 1999. The Cancun Ministerial could thus determine the future of world trade. This briefing sets out the main issues of concern to Friends of the Earth and explains what Friends of the Earth International will be doing at and in the run-up to the Summit.

International trade is now worth at least \$11 billion every day. But the rules of the game are loaded against poor countries and small producers of goods and services across the world:

- 70% of world trade is conducted by multinational corporations
- the poorest 50 countries in the world have about a tenth of the world's population, but account for less than half of one percent of the world's trade.

Friends of the Earth inspires solutions to environmental problems, which make life better for people.

Friends of the Earth is:

- **the UK's most influential national environmental campaigning organisation**
- **the most extensive environmental network in the world, with almost one million supporters across five continents and over 60 national organisations worldwide**
- **a unique network of campaigning local groups, working in over 200 communities throughout England, Wales and Northern Ireland**
- **dependent on individuals for over 90 per cent of its income.**

To join or make a donation call us on 0800 581 051

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WTO: Basics

The World Trade Organisation was set up in 1995 as part of the Uruguay Round of trade negotiations. It exists to liberalise international trade and to establish and enforce multilateral rules governing international trade.

The highest authority of the WTO is the Ministerial Conference, composed of representatives of all WTO members (146 at time of writing). The Conference is required to meet at least every two years and can take decisions on all matters under any of the multilateral trade agreements. The last (4th) Ministerial Conference took place in 2001 in Doha, where a new set of negotiations were agreed. Before that, the previous (3rd) Conference was held in 1999 in Seattle. It collapsed after widespread protests and in the face of determined resistance by developing countries – a seminal moment in the rise of public concern about “corporate globalisation”.

The day-to-day work of the WTO is done by subsidiary bodies, particularly the General Council, composed of all WTO members, which reports to the Ministerial Conference. As well as conducting its regular work on behalf of the Ministerial Conference, the General Council convenes as the Dispute Settlement Body, to oversee and resolve disputes between members, and as the Trade Policy Review Body, to review the trade policies of individual WTO members. [A briefing on how the Disputes Settlement procedure may be used to force GM food and crops into the European market can be found at:

http://www.foe.co.uk/resource/briefings/wto_disputes_res_mech.pdf

The General Council delegates responsibility to three other major bodies - namely the Councils for Trade in Goods, Trade in Services (GATS) and Trade-Related Aspects of Intellectual Property (TRIPS).

Three other bodies are established by the Ministerial Conference and report to the General Council. The Committee on Trade and Development deals with issues concerning developing countries. The Committee on Balance of Payments is responsible for consultations between WTO members and countries which take trade-restrictive measures in order to cope with balance-of-payments difficulties. Finally, issues relating to WTO's financing and budget are dealt with by a Committee on Budget.

The WTO Secretariat, staffed by about 500 international civil servants, is based in Geneva. The Director General of the WTO is Dr. Supachai Panitchpakdi, who took up post in September 2002. It has faced internal problems as the workload of the organisation dramatically increases – last year staff took strike action.

WTO: Main Criticisms and Problems

In theory WTO decisions are made by voting or by general consensus. This has often led apologists for the WTO to describe it as a “democratic” body. In fact, the WTO is dominated by the richest and most powerful states, themselves heavily influenced by the world's largest and most powerful corporations. The “quad” countries (US, Canada, Japan and the members of the European Union) frequently make decisions in closed meetings and present a fait accompli to others, particularly the developing world.

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Other principal criticisms are:

- WTO rules hurt poor communities and the environment
- WTO rules increase the power of companies over Governments
- The WTO has embarked on a new round of negotiations before properly assessing the effects of existing agreements and procedures
- WTO rules threaten the rights of communities and states to control the provision of basic goods and services (this is a particular issue in relation to GATS and in relation to proposed new rules on inward investment).

Friends of the Earth will be publishing key evidence on these issues before the Cancun Summit (see below).

On the environment, there is evidence that the WTO is being used to dismantle hard-won environmental protections, which are attacked as "barriers to trade". In 1993 the very first WTO panel ruled that a provision of the US Clean Air Act, requiring both domestic and foreign producers alike to produce cleaner gasoline, was illegal. Recently, the WTO declared illegal a provision of the Endangered Species Act that requires shrimp sold in the US to be caught with an inexpensive device allowing endangered sea turtles to escape. The WTO is currently negotiating an agreement that would eliminate tariffs on wood products, thus increasing the demand for timber and escalating deforestation.

It is already clear that the Doha trade round has run into serious difficulties. For example, negotiations over agriculture must now attempt to resolve no less than ninety pages of major differences into ten legally binding agreements within three months! The Cancun talks could collapse completely, or more likely result in a fudged outcome which preserves the façade of the negotiations but does not significantly advance them.

WTO: Friends of the Earth Information

Detailed information on the WTO (including case studies) from FOE can be found at the following web addresses:

- *The World Trade System: How it works and what's wrong with it* at http://www.foe.co.uk/resource/reports/qatar_how_it_works.pdf
- *The world trade system: Winners and losers* at http://www.foe.co.uk/resource/reports/qatar_winners_losers.pdf
- *FOE briefing on GATS* at http://www.foe.co.uk/resource/briefings/gats_primer.pdf

In the run-up to the Cancun Ministerial, Friends of the Earth in this country will publish

- A paper on how the WTO disputes procedure will be used to determine the US claim against the EU over GM food and crops (already published)
- A briefing on the WTO and investment issues (early June)
- A report on the Private Finance Initiative (July)
- A report on the destructive trade-related activities of some key multinationals (July)

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- Briefings on the state of negotiations in the run-up to Cancun (August and early September)

Friends of the Earth International will publish a “Sale of the Century” Series on CD, comprising:

- The World Trade System: How it Works and What’s Wrong With It?
- The World Trade System: Winners and Losers – a resource book
- Towards Sustainable Economies: Challenging Neoliberal Economic Globalisation
- All to be published by FOEI:
- Case studies about corporate involvement and interest in the WTO
- FOEI’s Trade and People’s Food Sovereignty position paper, AND A series of short position papers on investment, MEAs, services and agriculture.
- Impacts of the WTO on biodiversity. Again this is already on www.foei.org in non-up-dated format.
- A simple glossary of technical terms for campaigners and journalists – nearly ready.

FOE EWNI will also hold a joint media briefing with WDM for UK media and London correspondents of international media, in early September.

It is likely that the Cancun summit will face popular protests on a scale not seen since Seattle.

Friends of the Earth International (which has 68 national groups in membership) will be present in Cancun throughout the talks, with representatives and experts from both Southern and Northern countries, from Europe, the US, the Americas, Africa and Asia.

We will be organising actions in the UK and around the world in the run-up to Cancun and will be producing visual and sound materials as well as further briefings. Friends of the Earth is also part of the Trade Justice Movement, a group of 40 NGOs united in their criticisms of the world trade system. TJM will be staging a 24 hour lobby of MPs in their constituencies on Friday 27th June (see www.tradejusticemovement.org . Feel free to contact us at any time for information and opinion on the WTO and all its works!