

Media Briefing

UK Government ignores environment in WTO at its peril

Trade policies being proposed by the UK Government at the World Trade Organisation talks in Hong Kong which start today (13 December 2005), will encourage further environmental damage and increase poverty, breaking promises made since the beginning of the Doha “Development” Round of talks and failing to make the vital links between trade, poverty eradication and the environment. Furthermore, the UK’s current trade policy is doomed to fail because it is based on a fundamentally ill-conceived approach to poverty alleviation and environmental protection.

UK rhetoric on poverty and climate

Early in 2005 Tony Blair put African poverty and climate change at the centre of his political attentions. At the launch of UK’s cross-Government Sustainable Development Strategy in March this year, both Tony Blair and Margaret Beckett extolled the virtues of “joining up thinking” at “all levels of Government” to secure a “future for everyone”. The Strategy promises that DTI and other departments will develop a “one planet economy” that does not shift our environmental burdens onto other countries. [1]

Yet the Government is not bringing trade policy into line with these promises. The consequences of UK trade policy, including wholehearted support for EU Commissioner for Trade Peter Mandelson’s approach to trade liberalisation, will make it easier for big business to build profits at the expense of the environment. Such policies cannot deliver as promised because they fail to make the vital links between trade, poverty eradication and the environment.

Members of the Government have repeatedly told Friends of the Earth that the environment is not yet a priority to trade policy, including when:

- 1 Secretary of State for International Development Hilary Benn told Friends of the Earth’s Executive Director, Tony Juniper in a meeting on 16 November that environment is a “bolt-on” to be dealt with some unspecified date in the future. Margaret Beckett was also at that meeting as Minister for the Department for Environment, Food and Rural Affairs (DEFRA), but did not contradict this reasoning. [2]
- 2 Alan Johnson, Secretary of State for the Department of Trade and Industry (DTI), again demonstrated the Government’s failure to see the how central environmental resources are to the WTO talks 1 December 2005 by saying during Parliamentary oral questions and answers, “There is an environmental dimension to this trade round – we have got nowhere near talking about it yet...”. [3]

Eve Mitchell, Head of Friends of the Earth’s Trade Campaign says, “I have repeatedly asked the UK Government for their data to back up their claim that trade liberalisation will reduce poverty and protect the environment, but I haven’t got any answers. Leaked documents say they can’t answer, and the DTI as well as DEFRA have admitted to me they have not done their homework on the WTO talks

either.”

Evidence says environment must come first, WTO’s liberalisation is failing in the fight against poverty

Friends of the Earth believes the UK Government trade policies will fail to eradicate poverty if environmental management is “bolted on” after liberalising trade.

The growing evidence that supports this view includes:

- 1 World Bank figures released in October 2005 show that the vast majority of the potential gains from trade liberalisation don’t exist. Data on the possible gains from further trade liberalisation made just two years ago by the Bank projected more than \$500 billion in developing country gains from trade. The new figures show that 80% of those supposed gains have disappeared, and 70% of the gains that might be left would go to developed countries; [4]
- 2 New research by the World Resources Institute, in collaboration with the United Nations and World Bank, states clearly, “The building blocks of a pro-poor growth strategy *begin* with natural resources...If the natural resource base is not managed for the long term, if it is exploited and polluted for short-term gain, it will never provide the fuel for economic development on the scale demanded to relieve poverty.” [5]
- 3 The first detailed cost-benefit analysis of preserving biodiversity, published by the National Academy of Sciences in November 2005, shows that the cost of protecting a wide range of species in a rainforest is far outweighed by the economic benefits which result. [6]
- 4 Friend’s of the Earth’s own research shows that in one sector of the current negotiations, forestry under the non-agricultural market access (NAMA) talks, proposals on the table supported by the UK and EU threaten the wellbeing of over 1 billion of the world’s poorest people, as well as undermining humanity’s struggle to grapple with climate change and the economic damage it will cause for us all. [7]

Eve Mitchell adds, “Our research shows that what is on the table at the WTO threatens to increase poverty and accelerate climate change. Our government is actively driving the WTO in wrong direction by putting what’s good for big business ahead of what the really world needs: global sustainable development based on proper environmental management. This is not just a problem for Africa – the economic damage of climate change will outstrip total world economic production by 2065, with huge implications for all our economies. We simply cannot allow this to happen and call it progress.”

UK Government must do the right thing in Hong Kong – No deal is better than a bad deal

Friends of the Earth has long held that the current system and the WTO in particular, needs an overhaul. The Government’s faith that it can deliver poverty reduction or environmental protection is misplaced. Instead we must ensure that genuine, lasting sustainable development is at the heart of trade policy globally.

With regard to the talks in Hong Kong, Friends of the Earth is demanding:

1. A halt to the talks. There should be no further trade liberalisation before translating the results of full independent, comprehensive environmental and social impact assessments into policy;
2. No lowering of environmental or social standards. Trade talks and agreements must not be used to overturn or undermine hard won laws and policies that to protect the environment and vulnerable people;

3. Removal of critical sectors from trade talks. Fragile resources that underpin livelihoods and wellbeing, like forests and fish, should not be subject to negotiations based on free trade dogma particularly when liberalisation is likely to put additional stress on already overstretched resources.

Notes

[1] See www.defra.gov.uk/news/2005/050307b.htm , and UK Government, *Securing the Future: Delivering UK Sustainable Development Strategy – Promises Actions and Challenges*, March 2005.

[2] Meetings with Alan Johnson, 13 October 2005, and Hilary Benn and Margaret Beckett, 19 November 2005.

[3] Hansard's, 1 December 2005, column 365. Copies of the document "Negotiations on tariff reductions: discussing the evidence" seen by Friends of the Earth state that the government is struggling with, "the difficulty to produce clear cut examples of the benefits of liberalization". Further information from Trade Policy Consultative Forum Meeting, 12 September 2005, meeting with the Department for Trade and Industry, 8 April 2005 and Mitchell, Eve; *Keep Poverty History*; Friends of the Earth; September 2005. See www.foe.co.uk/resource/briefings/keep_poverty_history.pdf

[4] Ackerman, Frank; *The Shrinking Gains from Trade: A Critical Assessment of Doha Round Projections*; Tufts University, USA; October 2005. See ase.tufts.edu/gdae/pubs/wp/05-01ShrinkingGains.pdf

[5] 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)

[6] Naidoo, Robin and Adamowicz, Wiktor L; *Economic benefits of biodiversity exceed costs of conservation at an African rainforest reserve*; Proceedings of the National Academy of Sciences; 2 November 2005. See www.pnas.org/cgi/content/abstract/102/46/16712

[7] Mitchell, Eve; *Can't See the Forest for the Tr€£\$: How the WTO is gambling with our future*; Friends of the Earth; 16 October 2005. See www.foe.co.uk/resource/reports/cant_see_forest_trees.pdf