

A large, thick green circular graphic with a white center, resembling a stylized ring or a planet's orbit. It is positioned in the upper right quadrant of the page.

Sale of the Century?

**The world trade system:
How it works and what's
wrong with it**



**Friends of
the Earth
International**

This report - the *first* of five in a series from Friends of the Earth International covering the WTO's 4th Ministerial Conference and the proposed new round of negotiations (the *Sale of the Century? The WTO's 4th Ministerial* series of reports) - examines the theories, impacts and institutions of world trade, outlines current proposals for new trade negotiations in various different sectors and assesses the influence of transnational corporations.

Note: this report was drafted prior to the tragic events in the US on 11th September 2001. Friends of the Earth International cannot predict with any certainty what changes this will have on global trade but will clearly have implications for some of the issues contained in this report.

CONTENTS

10 reasons why the world trade system harms people and the planet.....	2
10 reasons why the World Trade Organisation harms people and the planet.....	4
• Introduction.....	6
• Why do we trade?.....	8
• What is 'free trade' and what's wrong with it?.....	10
• The World Trade Organisation - past, present and future.....	22
• Friends of the Earth's recommendations.....	30
• Conclusions.....	32
Key references and reading.....	33

Other reports in this series include:

The World Trade System: Winners and Losers

Services: the Implications of Current Trade Negotiations

Peoples' Food Sovereignty: Part 1 - the Implications of Current Trade Negotiations

Peoples' Food Sovereignty: Part 2 - a New Multilateral Framework for Food and Agriculture

You are invited to reproduce information from this report, but asked to acknowledge Friends of the Earth International as the source of your information. We would also refer the reader to FOEI's Citizen's Guide to Trade Environment and Sustainability (http://www.foei.org/activist_guide/tradeweb/)

Please also refer to the Activists Guide on the World Trade System if you want to take action at (see *Sale of the Century?* series of briefings)
http://www.foe.co.uk/campaigns/sustainable_development/publications/trade/

Friends of the Earth International - November 2001

10 reasons why the world trade system harms people

and the planet

The principles on which the trade system is based are fundamentally flawed: The trade system pursues growth at all costs, through trade and investment liberalisation, and sees economic growth and increasing consumption as ends in themselves. Key principles of free trade, such as comparative advantage and export-led development, have been discredited. The trade system ignores the fact that increasing consumption is depleting natural capital (the environment) on which the global economy is based. Increased trade also means more transport, leading to a loss of natural habitats and biodiversity and negative impacts on local communities. The trade system pays no heed to equity and distribution and does little to promote development and environmental protection.

The trade system is increasing economic instability: The deregulation of financial markets and the revolution in information and communication technology has stimulated massive growth in short-term capital flows, undermining countries' economies during economic crises and increasing the number of people in poverty. Trade and investment in least developed countries - particularly in Africa - has been concentrated on primary commodities. Because of fluctuating commodity prices in global markets this also leads to increased economic insecurity in these countries.

The trade system is increasing inequality between the 'haves' and 'have-nots': The world trade system has increased the wealth of a narrow band of society. The winners have been both the developed countries and the wealthiest people, whilst poor countries and poor people have been increasingly marginalised. The impact of trade liberalisation has hit subsistence farmers particularly hard. Trade liberalisation does not benefit the majority of the world's population.

The trade system does not respect the environment: Trade and environmental policies have come into conflict at both the national and international levels. Trade policies are almost always given priority and environmental laws are frequently undermined as a result. The powerful influence of trade concerns has also permeated important climate change negotiations and until early 2000 blocked negotiations on a Biosafety Protocol to regulate the use of and trade in genetically modified organisms under the Biodiversity Convention.

The trade system is increasing inequality between the 'knows' and 'know-nots': Knowledge - particularly information, communications and biotechnology - is proving to be one of the key assets of a 'new' economy. This has marginalised the 'know-nots' who have been kept out of the knowledge sector and excluded those unable to share in the knowledge revolution due to difficulties relating to cost, language and literacy. The trade system protects the intellectual property of knowledge-rich companies rather than diffusing knowledge and transferring technology.

The trade system is increasing employment insecurity: The expansion of trade and the growth of incomes in OECD countries has not, overall, increased employment in developed countries. In part, this is because globalisation of the employment market and the mobility of companies and capital has increased instances of firms moving to take advantage of lower wages and weaker labour laws. However, threats to relocate to other countries have also allowed companies to force reductions in labour, environmental and health standards in both rich and poor nations. Mergers, acquisitions and corporate restructuring are also leading to job losses and increasing employment insecurity.

The trade system is bad for your health and safety: Companies are moving or expanding operations in developing countries where work force health and safety regulations are lower. Occupational disease, injury and death have taken a particularly heavy toll in developing countries due to globalisation. Health and safety standards in industrialised countries have been successfully challenged through the WTO. Increased trade is also responsible for increased air pollution.

The trade system pits the weak against the strong: Small companies are expected to compete in the global economy along with the likes of Microsoft, Monsanto and Mitsubishi even though there is a massive difference in both wealth and economies of scale. The influence of transnational corporations in global trade policy is immense and growing.

The trade system has not advanced human development: Because of conflicts between trade and other policies and because Gross Domestic Product (GDP) calculations regard financial transactions relating to factors such as environmental damage, ill health and crime as positive contributions to the economy, the priority given by most governments to trade, globalisation and the pursuit of growth in GDP is contributing to declining quality of life for many people. For example, over the past 25 years, there has been increasing job insecurity, growing global crime, spread of diseases such as HIV, increasing civil unrest, greater traffic and congestion and higher levels of climate changing gases in the air.

The trade system has not relieved poverty: At the beginning of the new Millennium, more than a quarter of the developing world still live in poverty and more than 100 million people in the developed world live below the income poverty line. The trade system is exacerbating this situation, particularly by marginalising the poorest and least influential communities around the world.

10 reasons why the WTO - which administers the world trade system - harms people and the planet

The WTO is undemocratic: In spite of the one-country one-vote structure of the WTO, powerful countries still wield enormous influence, often determining negotiating agenda amongst themselves, and putting pressure on smaller, poorly resourced countries to conform. The concerns of rich communities, rich people and rich companies all appear to be heard more readily by the WTO than those of the poor.

The WTO is untransparent and unaccountable: The WTO provides only very limited access for parliamentarians and civil society at large. Dispute settlements and the Appellate Body are conducted in closed sessions, with no public access and very little external input. The WTO is exempt from conventions allowing greater public access to information. In the past, there have been numerous reports of officials being unable to access information about the activities of their *own* trade negotiators.

The WTO is increasing inequality and food insecurity: WTO Agreements - such as the Agreement on Agriculture (AOA), the Trade-related Intellectual Property Rights (TRIPs) and the Sanitary and Phytosanitary Measures Agreements - are increasing global inequality and insecurity (particularly because of their impact on food production and consumption) and favour rich countries and big business.

WTO rules regard development and social issues as barriers to trade: For example, the EU's preferential import regime for Caribbean banana farmers - aimed at supporting small scale growers where costs are high because of steep terrain, poor soils and climatic hazards - was deemed incompatible with WTO rules.

WTO rules regard environmental and health issues as barriers to trade: WTO rules conflict with many national laws and practices intended to promote sustainability and protect the environment. Most WTO agreements are based on the premise of sound, scientific evidence which severely limits the application of the precautionary principle. WTO rules have already been used to rule in favour of free trade and against various measures, eg hormone-treated beef.

WTO rules regard labels and certification systems as potential barriers to trade: The certification and labelling of environmental and socially acceptable goods (such as timber or paper from well-managed sources and fairly traded products) and products that concern consumers (such as GM foods) could be undermined by WTO rules.

The WTO is eroding cultural diversity: The WTO TRIPs Agreement allows companies to expropriate knowledge from local peoples in developing countries who, in many cases, have been cultivators, researchers and protectors of plants for thousands of years. The TRIPs Agreement permits (primarily Northern) transnational companies to claim traditional plant varieties or plant uses as 'inventions' that must be respected the world over. Culture could also be further eroded if issues surrounding the entertainment business - for example, films, broadcasting, music and publishing - are included in a new round of trade negotiations under the General Agreement on Trade in Services.

The WTO could undermine multilateral environmental agreements: Multilateral Environment Agreements that have trade components - such as the Kyoto Protocol on climate change and Biosafety Protocol which regulates trade in genetically modified products - could be challenged under WTO rules.

The 'all or nothing' approach of the WTO: The last Uruguay Round of negotiations was dealt with as a 'single undertaking'. If the EU were to have its way, a proposed new round would also be negotiated as a 'single undertaking'. This means that many different sectoral negotiations would be linked together and the results either accepted or rejected in their entirety. This can put smaller countries, many of whom do not have the capacity or the opportunity to participate in the full range of negotiations at a severe disadvantage. Thus many developing countries who were opposed to the results of the agriculture and TRIPs negotiations in the Uruguay Round were still forced to accept them or risk being isolated in the global economy.

Influence at the WTO can be 'bought': Subsequent to a \$500,000 company donation to the US Democratic Party, the US Government lodged a dispute in the WTO over the EU's banana import regime. Some of the world's largest companies paid hundreds of thousands of dollars in the hope of gaining privileged access to key ministerial and other negotiators at the 1999 WTO Seattle Ministerial Conference through the Seattle Host Organisation. They were able to attend receptions and dinners for heads of states, ministers and delegates with preferential seating depending on their financial contribution.

INTRODUCTION

A number of influential world leaders are again planning to expand the world trading system by initiating a comprehensive new round of trade negotiations during the WTO's Fourth Ministerial Conference. In spite of the collapse of the Third Ministerial in Seattle (for more information see below), WTO members and the Secretariat continue to ignore the wealth of evidence that shows the current trade system promotes inequality, is undemocratic, and degrades the environment, social structures and cultural diversity. In addition, they continue to reject calls for a review of the social and environmental impacts of the last 'Uruguay Round' of negotiations.

The underlying principles on which the free trade system is based are fundamentally flawed. The present trading system promotes the free movement of goods, services and capital as a goal in itself, rather than ensuring that such international trade promotes sustainable and equitable development. Because trade rules can and do come into direct conflict with local, national and international measures to protect and promote the environment, health and development issues, and because trade takes priority, WTO rules encourage unsustainable resource use and an inequitable distribution of resources.

Trade rules and trade flows have already had severe, negative impacts on a broad range of environmental and social issues of concern to Friends of the Earth International's member groups, for example in the areas of agriculture, food, services and investment. A new round would compound these difficulties.

As at Seattle, the proponents of a new round are pursuing an aggressive marketing strategy, waving economic 'sticks' at developing countries and dangling non-liberalisation 'carrots' such as the environment in front of civil society. Yet past experience and the current negotiating positions of a number of WTO members indicate that a new round will not address the environmental or developmental failings of the world trade system in any meaningful way.

Problems with the international trade system cannot be addressed simply by tinkering with the structure and/or regulations of the WTO. The time has come to reflect on deeper, more systemic changes to the trading system particularly in relation to food and agriculture. Friends of the Earth is calling for food and agriculture to be taken out of the WTO and to be subject to a new, alternative and enforceable multilateral framework under the auspices of a reformed and strengthened United Nations; for an evaluation of the impact of existing trade rules on sustainable development; a fundamental revision of the regulations governing world trade in order to promote sustainability; and the cessation of any proposals to expand the scope and power of the WTO.

Specifically, Friends of the Earth International is calling on governments meeting at the World Trade Organisation's Fourth Ministerial Meeting to (these recommendations are fully outlined in the *Sale of the Century?* briefings on services and agriculture and the accompanying FOEI position paper, *Sale of the Century? Proposals for a Positive Sustainable Trade Agenda*):

- Refrain from embarking on another round of comprehensive trade negotiations.
- Undertake a comprehensive series of assessments on the impact of the implementation of all the Uruguay Round agreements.
- Use the results of the assessment referred to above to develop more just and equitable economic systems.
- Halt on-going agriculture trade liberalisation negotiations within the Agreement on Agriculture.
- Set up in the United Nations a UN Commission on Sustainable Agriculture and Food Security.
- Undertake a comprehensive assessment of the socio-economic, ecological, and regulatory impacts of the implementation of all international agricultural trade liberalisation agreements and institutions.
- Start talks for the negotiation in the upcoming World Summit for Sustainable Development (WSSD) in 2002 for a new and enforceable multilateral treaty for food and agriculture to bring about food security, safety, and sustainability under the auspices of a reformed and strengthened United Nations.
- Conclude the negotiations for such a treaty, and the treaty made effective, by 2006. Once effective, this new

treaty should provide the framework for the regulation on the sustainable production of and trade in food and agriculture at a global level in lieu of the WTO Agreement on Agriculture.

- Stop current negotiations on further services liberalisation.
- Conduct a comprehensive and meaningful assessment that will examine both the actual environmental and social impacts thus far and the potential future impacts of the General Agreement on Trade in Services (GATS), including impacts on local communities and developing countries in all sectors.
- Exclude from any GATS disciplines any services related to the extraction or collection of energy fuels, minerals and ore, water, timber, and other natural resources, and any services related to nuclear energy.
- Exclude all publicly provided and essential services from any GATS disciplines, explicitly allowing governments to maintain the right to choose between public and private service provision.
- Provide clear, strong and across-the-board exceptions ensuring that no reasonable environmental laws and regulations will be undermined or challenged by GATS rules.

- Ensure that the TRIPS Agreement does not restrict the right of governments and peoples to promote and protect essential public interests to health, the environment, and development.
- Prohibit the patenting (and the use of other intellectual property rights) of life forms. Biopiracy and theft of traditional knowledge must be stopped.
- Use the on-going review of the TRIPS Agreement to remove food and agricultural issues from the jurisdiction of the WTO.
- Initiate measures for the adoption of a new treaty during the 2002 WSSD relating to genetic resource access in which communities, peoples and governments become 'caretakers' of the genetic commons within their territories, taking into consideration national sovereignty and open access to the flow of genetic information.

- Ensure that the current TRIMS review is not used to extend the investment issue in the WTO.
- Instigate moves to remove the TRIMS Agreement from the WTO, and recognise the right of all countries, especially developing countries, to support and protect their own productive sectors.

- Ensure that no further trade liberalisation negotiations are undertaken in the forest products sector.

- Agree not to use trade rules to challenge laws designed to promote and protect development, the environment and health.
- Put in place a moratorium on the use of trade dispute mechanisms (including that within the WTO). International trade dispute settlement bodies must recognise the existence and give a presumption of validity to the precautionary principle, to local and national laws, and to international treaties and laws relating to the environment, human rights, health, and labour standards and may only find a violation if the challenged law clearly serves no legitimate purpose other than discriminating against imported products.

- Ensure that the global trading system is democratic, open, transparent and participatory. This would include the involvement of independent observers at all relevant meetings and the introduction of a presumption in favour of de-restricting all official documents.

- Acknowledge that multilateral treaties on the environment, development, health, labour and human rights, take precedence over the WTO. Initiate negotiations for an international agreement at the upcoming World Summit for Sustainable Development in Johannesburg whereby governments agree that MEAs take precedence over trade rules, and that multilateral environmental agreements need to be strengthened through the establishment of a joint compliance and dispute settlement system for MEAs that is publicly transparent, accessible to civil society, has formal compliance mechanisms, and provides for binding rules on corporate conduct.

- Reject export-led development in favour of policies that support local needs, economies and communities, and are participatory, equitable and sustainable.
- Cancel debt for all developing countries, comprehensively and unconditionally in recognition of the ecological debt countries of the North owe to the South. This will allow developing countries to pursue more sustainable

development policies.

A new and sustainable framework for the regulation of trade for the twenty-first century needs to be based on the principles of democracy, equity, reduced consumption, co-operation and caution. In order to achieve such a framework, broad reform of the global economy is a prerequisite.

This report explains the myths, impacts and institutions of world trade, outlines current proposals for new trade negotiations in various different sectors and examines the influence of transnational corporations.

WHY DO WE TRADE?

What is trade?

Trade affects almost everything we do. Put simply, it is the buying and selling of goods and services. It does not have to involve a monetary transaction. It might, for example, involve a simple exchange of goods or services of mutual value between two people living locally. However, as the volume of goods and services traded internationally increases, we tend to associate the word 'trade' more closely with global commerce and long distance transport. Many of us think particularly of shipping, which has been used to move products between nations for thousands of years.

More often than not, it is individuals or companies that trade with each other. However, governments have played a particularly significant role in international trade over the centuries, since they have used either force or taxes (tariffs), subsidies and regulations to control it. Government policies that intervene in the trade system and support domestic industries are known as 'protectionism'. Policies that deregulate trade and aim for non-intervention are referred to as 'free' trade policies or trade liberalisation.

Why trade?

"I think we ought to continue to expand trade...I do not believe that a country with 4.5 percent of the world's people can maintain its standard of living if we don't have more customers." The President of the United States, June 1999.

People, communities and nations have traded with each other for centuries in order to fulfil a number of goals. These include:

Local scarcity. Few, if any countries in the world can produce all of the goods and services that their populations need or desire.

To increase national influence. Governments may have many different motives: to increase power, to promote foreign policy, to influence economic and political decision-making in other countries, to foster economic links, or to encourage international security and promote a 'way of life'.

For cultural and social reasons. Trade may be a way of maintaining or reinforcing social bonds.

Economic development. Trade is most often promoted as a means of increasing economic growth and wealth. Since this strategy is also being promoted by the most influential international financial institutions - the World Bank and International Monetary Fund - it effectively determines the economic policies of many developing and developed countries.

However, in practice, the most important influence on international trade is probably the internal political and economic circumstances of the largest trading blocks, the US and the EU.

Take the US, for example. Economically, the US remained strong throughout much of the 1990s (and indeed into the year 2000) and in a time of global weakness absorbed production surpluses from elsewhere. As a result it is also running a trade deficit that reached in excess of \$350 billion in 2000. This continues to influence the US's position on forthcoming negotiations. The US's absolute priority is to open foreign markets and increase exports. This is also partly the reason why the US is keen for China to become a member of the WTO (China is currently poised to join).

Trade flows

Goods and services

International trade in products and services (see Tables 1 and 2) is currently dominated by Western Europe, Asia and North America (particularly, the EU, Japan, Canada and the USA, collectively known as the 'Quads'). Western Europe has a particularly large slice of the trade cake, although the USA is the single most powerful trading country in the world.

<i>Products</i>	<i>World (a)</i>	<i>North America</i>	<i>Latin America</i>	<i>Western Europe</i>	<i>CEE</i>	<i>Africa</i>	<i>Middle East</i>	<i>Asia</i>
Agricultural	579	112	60	250	21	20	6	109
Mining	512	55	51	133	46	46	102	80
Manufactured	3640	570	111	1730	83	28	32	1085
Total (1995b)	4890	777	224	2191	153	103	141	1301
Total (1998)	5270	897	276	2348	214	107	137	1293
Total (1999)	5473	934	297	2353	214	112	170	1394
Total (2000)	6180	1060	360	2427	271	146	266	1649

a includes some destinations not accounted for elsewhere. b includes some products not accounted for elsewhere.
Sources: WTO, 1996; 1999; 2001a and 2001b.

By the mid-1990s, world trade amounted to some \$5,900 billion annually, about \$4,900 billion being merchandise and \$1,000 billion being services. By 2000, these figures had increased to \$6,200 billion and \$1,400 billion respectively. The vast majority of the value of world merchandise trade (about 75%) is accounted for by manufactured goods, particularly transport machinery and electronic equipment. Minerals and agriculture - the 'staples' of the developing world - together constitute only about 22% of merchandise trade.

International trade is also dominated by major transnational corporations (TNCs), almost exclusively based in the industrialised world, with some 40% of international trade taking place within these companies.

The official WTO list of service 'sectors' is all embracing and they touch nearly every aspect of society, the natural world and the environment. In total the list covers about 160 separate sectors or sub-sectors; the sectors are business, communications, construction and related engineering, distribution, educational, environmental, financial, health and social, travel and tourism, recreational, cultural and sporting, transport, and 'others not specified elsewhere' (WTO, 1991).

Investments

In addition to trade in goods and services there are now increasing flows of 'foreign direct investment' or FDI.

Basically, this means that instead of or as well as trading, businesses are actually moving to foreign countries and establishing or buying into operations in those countries. This can provide them with a number of benefits, including better access to raw materials, new and easily accessible markets and cheaper operating costs.

FDI is measured in inflows and outflows. In 1981 world FDI outflows were some \$48 billion. By 1995 this had risen six-fold to \$318 billion, by 1997 it had reached \$424 billion and by 1999 \$800 billion.

	<i>World</i>	<i>N. America</i>	<i>L. America</i>	<i>W. Europe</i>	<i>Africa</i>	<i>Asia</i>
1994	1035	195	40	510	20	220
1998	1320	270	53	636	27	317
1999	1350	288	53	640	29	264
2000	1415	311	60	629	30	304

Sources. WTO, 1996; 1999; 2001a and 2001b.

<i>Year</i>	<i>Developed countries</i>		<i>Developing Countries</i>		<i>CEE</i>		<i>Total</i>	
	<i>Inflow</i>	<i>Outflow</i>	<i>Inflow</i>	<i>Outflow</i>	<i>Inflow</i>	<i>Outflow</i>	<i>Inflow</i>	<i>Outflow</i>
1981	37 (74)	47 (98)	13 (26)	1 (2)	negligible	negligible	50	48
1990	170 (83)	222 (93)	34 (17)	18 (7)	negligible	negligible	204	240
1995	203 (64)	271 (85)	100 (32)	47 (15)	12 (4)	negligible	315	318
1999	636 (74)	734 (92)	208 (24)	66 (8)	23 (3)	negligible	865	800

Sources: See Various UNCTAD World Investment Reports. Also UNCTAD 2000 for 1999 information.

WHAT IS 'FREE TRADE' AND WHAT IS WRONG WITH IT?

The history of 'free trade'

Towards the end of the Second World War, a number of governments gathered at Bretton Woods - a town in the USA - and agreed to set up the International Bank for Reconstruction and Development (the World Bank) and the International Monetary Fund (IMF). The basic idea was to set up an international monetary system, designed to help countries with balance of payments problems and to avoid the sort of protectionist measures and competitive devaluations which had been held largely responsible for the 1930s depression.

A third pillar of the system - proposed by the USA - was the formation of an International Trade Organisation (ITO) designed to liberalise international trade. However, disputes arose between the United States and the United Kingdom as to the form it should take. The ITO eventually emerged in a significantly revised form as the General Agreement on Tariffs and Trade (GATT) in 1947.

The GATT was a simple agreement designed to reduce and bind (not increase) customs tariffs (border taxes). In the four decades that followed, the GATT became the spearhead for international trade liberalisation, through its negotiations to reduce tariffs.

Since the formation of the GATT in 1947 there have been eight 'rounds' of trade negotiations. The first six 'rounds' concentrated exclusively on tariff reductions. But the seventh 'Tokyo' Round (1973-1979) coincided with a changing approach to trade liberalisation.

Since the 1970s, there has been a marked shift towards more open markets. In terms of GATT negotiations, the Tokyo Round saw the first negotiations to reduce non-tariff barriers (NTBs) which are actions by governments, other than tariffs, that can impact on trade. Since NTBs can include environmental and health standards this was, and still is, of great concern to civil society groups. The last Uruguay Round of negotiations (1986-1994) also expanded the scope of the GATT dramatically, bringing in agriculture and services for the first time, and - finally - creating the new and powerful World Trade Organisation. The Uruguay Round was also exceptional in that it covered areas not normally associated with trade. These were termed 'trade-related' (and subsequently gave rise to agreements on trade-related intellectual property rights and trade-related investment measures).

Several of the agreements concluded during the Uruguay Round were notable for their exceptional bias towards rich countries and big business - in particular, the Agreement on Agriculture (AOA) and the Trade-related Intellectual Property Rights (TRIPs) Agreement (see below).

'Free trade' theory and its flaws

The current economic system is fundamentally flawed. It pursues profit via trade and investment liberalisation at all costs, despite significant weaknesses in its philosophy, rules and operations. In particular, it focuses on constant economic growth based on ever-increasing (and thus unsustainable) rates of resource use. It pays little heed to the needs of the poor and disenfranchised of the world. It deals only with the monetary economy and fails to address a range of issues related to peoples' quality of life. How can a system that has so many apparent drawbacks have so many supporters?

One reason seems to be the faith that those supporters have in the theory underpinning free trade. Since the late 18th Century, various economists, businessmen and politicians have argued against intervention in international trade. Protectionism, they say, stifles international trade and is uneconomic, inefficient and leads eventually to job losses. Instead they argue for what they call 'free trade' or 'trade liberalisation'. The theory of free trade was further developed by David Ricardo's theory of comparative advantage.

The theory of comparative advantage

This theory states that nations should specialise in producing what they are best at, and that they should then trade with other nations (see Box 1). Free trade theory has more or less become gospel amongst many economists, and the WTO calls it "*...arguably the single most powerful insight in economics*" (WTO, undated).

Box 1: The theory of comparative advantage

If country A is better at producing food than country B, and country B better at producing clothes than A, both will be better off specialising in the production of those goods and trading with each other. This is known as 'absolute advantage'. If on the other hand country A is much more superior at food production and slightly more superior at clothes production than Country B, it might be expected that country B will 'lose'. However, comparative advantage theory says that, country A should invest in specialising in producing the good which it is comparatively more superior at making (food). Country B should still specialise in what it does best (clothes) and the countries should trade. It is beneficial for both countries because, the theory argues, it is more economically efficient.

However, the theory is based on the fact that capital is immobile and will be invested domestically. This is patently untrue in today's globalised world of transnational corporations, international money markets and massive financial transactions, where capital moves to wherever products can be produced at the least cost - and does so at the touch of a button. For example, in 1999, total world cross-border investment flows amounted to over \$800

billion. Short-term (often speculative) capital now totals more than \$2 trillion annually.

Thus, it is now the case that some countries will have or can acquire absolute advantage and that others will lose out completely. For example, the currency crisis that hit South East Asia in 1997 saw massive 'capital flight', resulting in, amongst other things, the Malaysian stock market losing 40% of its value (some M\$250 billion) in just six months. This can only lead to increasing economic insecurity and the lowering of international standards as companies compete in the global market place.

Respected economists and writers Herman Daly and John Cobb (Daly and Cobb, 1989) have criticised academic economists and free market proponents for failing to re-examine comparative advantage theory saying: "*They have suppressed recognition of the fact that the empirical cornerstone of the whole classical free trade argument, capital immobility, has crumbled into loose gravel*".

Measuring wealth using GDP

The 'freeing of trade' has been accompanied by global economic growth (albeit unevenly distributed) as measured by Gross Domestic Product (GDP). However, GDP is seriously deficient as a measure of 'social welfare' or 'development' because it reflects peoples' income rather than their real quality of life. GDP counts the cost of health care, pollution clean-up and the renovation of habitats as positive contributions to the nation's wealth. Thus GDP can continue to rise, yet peoples' quality of life can deteriorate. This helps to explain the apparent contradiction of rising GDP in many countries and the sharp increase in criticism being leveled at the WTO.

Level playing fields

One of the most oft-quoted phrases in the free trade lexicon is that it provides a 'level playing field' for international trade. This is highly erroneous. Level playing fields are only relevant in competition between equals - there is no point in Doncaster Rovers regularly competing on the same playing field as Manchester United, Barcelona or Vasco da Gama. Yet small scale producers are expected to compete in the global economy along with the likes of Microsoft, Monsanto and Mitsubishi even though there are massive wealth differences. The WTO does nothing to correct these imbalances.

Other flaws

Free market theory is also based on the ideal of 'perfect competition' where, amongst other things, there is perfect knowledge about all products and markets, all prices reflect the true costs - economic, social and environmental - of a product and there are no monopolies, oligopolies or cartels. This just does not happen.

'Free trade', both on its own and as part of a wider free market economic paradigm, has become widely accepted the world over. Free market ideology stems very much from a 'western' view of the world which sees individual and/or private power as the most legitimate conception of freedom. A major part of this world-view is a belief that free market capitalism is the only viable socio-economic system and is thus 'right' for everyone. However free market ideology - a belief in competitiveness, market forces and private ownership - is very much rooted in western culture and psychology and is not necessarily applicable across the world.

The impact of 'free trade'

Trade liberalisation does not, as is often claimed, benefit all. The main winners from trade liberalisation so far have been developed countries (in particular the EU, the USA and Canada), transnational corporations, the already rich and wealthy, those with access to information and the owners of large farms. The main losers include developing countries, the poor, employees, subsistence and small farmers, women, and those without access to information (see *The World Trade System: Winners and Losers*, FOE for further details).

The current trade system, as administered by the WTO, has a wide range of negative social, environmental and developmental impacts. The following give a good indication of the scope and range of the problem.

Increasing inequality

Trade liberalisation is associated with increasing inequality both between and within countries. United Nations Development Programme (UNDP) figures show that in 1960, the 20% of the world's population living in the richest countries were thirty times richer than the poorest 20%. By 1997, they were 74 times richer (UNDP, 1999). According to UNDP: *"The imbalances in economic growth, if allowed to continue, will produce a world gargantuan in its excesses and grotesque in its human and economic inequalities"* (UNDP, 1996).

Trade liberalisation directly benefits those already trading and enjoying economies of scale. There appears to be no evidence to support the 'trickle down' theory that this wealth is then passed onto the rest of society. As Michael Jacobs concludes: *"The theory that wealth would automatically 'trickle down' from the rich to poor has been proved simply wrong: rather, it now appears that wealth can circulate and expand within geographical and economic class boundaries to the exclusion of those outside"* (Jacobs, 1996). Shockingly, 1.2 billion people are still obliged to manage on less than one dollar a day and 2.8 billion people survive on less than \$2 a day (UNDP, 2001).

According to UNCTAD: *"The big story of the world economy since the early 1980s has been the unleashing of market forces ... The 'invisible hand' now operates globally and with fewer countervailing pressures from governments than for decades ... Since the early 1980s the world economy has been characterised by rising inequality and slow growth"* (UNCTAD, 1997).

In fact, in the 1990s, the richest 20% of the world's population had 95% of all commercial lending, 94% of all research and development, 86% of world gross national product, 82% of world trade, 81% of all domestic investment, 81% of all domestic savings and 68% of all Foreign Direct Investment (FDI). In contrast, the poorest 20% has only 1% of world GDP and 1% of FDI (UNDP, 1999; Kocherry, 1999).

Economic and developmental impacts

The trade system has negative economic impacts that often appear to be completely ignored by governments.

The United Nations Development Programme (UNDP) provides some of the most authoritative reporting on country economic performance and income. However, this reporting has recently changed making historical comparisons difficult (see Box 2). What these figures do tell us is that during a period of increased world trade (1975 to 1999), income and growth in sub-Saharan African countries and in least developed countries has been stagnant or has fallen. This is hardly a ringing endorsement in support of world leaders who claim that increased trade is of direct economic benefit to poorest countries and will lift them out of poverty.

Box 2: GDP and growth

In 1999, the UNDP reported that between 1975 and 1997 (using 1987 US\$), average GDP per capita in industrialised countries increased by approximately 50%. Conversely, average per capita GDP for least developed countries fell by approximately 15% (UNDP, 1999).

The UNDP reports slightly different figures in 2001; that GDP per capita annual growth was -1.0% for sub-Saharan Africa between 1975 and 1999, +0.2% for least developed countries and +2.0% for OECD countries (UNDP, 2001).

Overall, the situation of least developed countries (LDCs) in relation to trade is deteriorating. Between 1970 and the mid 1990s, LDCs suffered a cumulative decline of 50% in their terms of trade (which means that the revenue from a given volume of exports can now only purchase half the previous quantity of imports that could have been bought) (UNDP, 1997). Furthermore, LDCs have only 0.3% of world trade even though they have 10% of the world's population. The UNDP has recently confirmed the deteriorating trade position of poorer countries. Whilst most of the world's richest countries improved their terms of trade between 1980 and 1998, 19 of the world's 25 poorest countries (where data is available) experienced declining terms of trade over the same period. In both Nigeria and Uganda, their terms of trade fell by about 70% (UNDP, 2001).

Agriculture: The increasing emphasis on international as opposed to local and national trade, is having an extremely severe impact in agriculture. Small farmers are being displaced (and at best taken on as small holders in poor conditions, with unfair contracts and without compensation) as land is increasingly turned over to production for export. For example, land under soya production in Brazil has jumped from 200,000 to 12 million hectares in Brazil in the last thirty years. Similarly, Indonesia plans to increase land under palm oil development from 2.5 million hectares to 7 million (and possibly even 9 million) hectares. In the US, the average size of a farm tripled between 1935 and 1987 and small farms are now disappearing at a rate of 30,000 per year.

The impact of the Uruguay Round illustrates well the cavalier treatment being meted out to many poorer countries. At the end of the last Round, WTO members knew that the least developed countries and net food importing developing countries (NFIDCs) would face problems because of the WTO's Agreement on Agriculture (because of the prediction of higher food import bills, price instabilities and reduced availability of food aid). The FAO calculated that the food import bill for low-income food deficit countries would be \$9.8 billion higher in 2000 compared to 12 years previously (an increase of 55%) and of this increase, \$3.6 billion would be as a result of the Uruguay Round (FAO, 1995). More recent studies have confirmed the deteriorating position for NFIDCs; between 1993/4 and 1997/98, the cost of cereal imports increased by 47% (it should be mentioned that the results of these studies depend heavily on when they were conducted because of the wildly fluctuating global cereal prices during the 1990s which reached a low in 1993, a high in 1996 but fell thereafter) (FAO, 1998). On the basis of FAO predictions, member governments agreed to compensate affected countries. However, this promise has never been fulfilled.

The WTO's Agreement on Agriculture (AOA), established during the last Uruguay Round of negotiations, has exacerbated this problem, because it unashamedly pits small farms against larger, more 'efficient' agribusinesses in both the North and the South. This has had, and looks set to continue to have, disastrous consequences for existing small-scale agriculture and rural communities (see Friends of the Earth's briefing *Peoples' Food Sovereignty: Part 1 - the Implications of Current Trade Negotiations*).

TRIPs, farm-saved seed and technology transfer: Through the enforcement of the WTO's TRIPs Agreement, farmers are prevented from saving seeds from the previous year's crops. According to the UN, roughly 1.4 billion people around the world depend on farm-saved seed for their food security. For example, under WTO-enforced patent law Monsanto has the right to take farmers to court if they collect and use seeds from its patented plant varieties. In the USA, Monsanto has opened more than 475 such 'seed piracy' cases nation-wide. Monsanto's 'terminator gene' technology that makes plants sterile would have helped the company to enforce its patent rights. Although Monsanto and other companies have now pledged not to commercialise its 'terminator' technology, companies - such as Syngenta - continue to research and/or patent biologically-engineered sterile seed. The latest patent was awarded to Syngenta in November 2000. In addition, companies are developing research and/or patents into traitor technology whereby the traits of GM plants only respond to the application of proprietary chemicals. The promotion of patented varieties, backed by legal action, poses a significant threat to food security in the developing world.

In addition, the TRIPs Agreement is also a significant barrier to securing technology transfer for the development of Southern farming or industry. The technology is clearly aimed at those who can afford it and reap the benefits.

International competitiveness: Furthermore, obsession with 'international competitiveness' - the very basis of trade rules - threatens to increase job insecurity and undermine attempts to impose costs on national industries through regulation or taxes. The increasing ease with which companies can relocate production means that they are also able to play countries off against each other, reducing costs and standards everywhere - often without relocating at all.

Trade sanctions: Trade sanctions, as authorised by the WTO Dispute Settlement Body, have hit small businesses very hard throughout Europe. The sectors targeted often have nothing to do with the original complaints (about bananas and hormone-treated beef). For example, several small companies in the UK - including Beamglow and Arran Aromatics (manufacturing folding cartons and bath products respectively) - have been seriously affected

by sanctions under the 'banana wars'. Turnover has been down, jobs have been lost and the situation caused considerable anxiety and uncertainty amongst employees (sanctions imposed under the banana dispute were lifted during 2001 when the EU changed its preferential treatment for imports from the Caribbean).

In France, also hit by sanctions, farmers responded furiously and demonstrations involved damage to a half-constructed McDonalds restaurant and the imprisonment of several protesters. Moreover, the leader of the French farmers, José Bové, was released after a number of weeks to a chorus of sympathetic comments from French Ministers, including the Prime Minister Lionel Jospin, who is reported to have commented that "*Mr Bové's cause is just*". The then Agriculture Minister reportedly said: "*Today, for the first time, we are in step with public opinion. There's a national consensus about bad food. People realise we need a different international logic than the economic, social and environmental dumping of modern agriculture. We have to change the WTO so that it respects people's cultural choices, does not destroy the world's peasantry and guarantees fair trade for all*" (Guardian, 1999).

Foreign investment as a contributing factor: There are increasing concerns regarding the liberalisation of the financial and investment sectors - and the increasing movement of short-term (often speculative) capital. The financial crisis in Asia, for example, precipitated massive and almost instantaneous capital flight. Not only were growth prospects severely reduced but there was a human cost as well; bankruptcies, suicides and prices for essential goods escalated. Spending on social welfare and environmental protection was slashed as well (see Box 3). Foreign direct investment (FDI), where companies actually move into or have significant share holdings in companies in other countries, is also having a marked, negative impact on local economies, small businesses and labour standards (see *The World Trade System: Winners and Losers*, FOE for further detail and case studies)

Box 3: All the World's a loser. The 1997 Asian economic collapse - a global crisis with global effects caused by a global trade system

Cause: Speculative capital poured into the relatively immature Asian financial markets to take advantage of the growth in the tiger economies. At the first signs of economic problems, this capital flowed out again almost overnight. This was made possible because of deregulated financial markets.

Effects: It is estimated that over 50 million more people in Asia fell into poverty. In East Asia alone, unemployment increased by 3.3 million. The only major growth economy in the developed world - the US - had to absorb surplus and cheap production from Asia causing unemployment and a very large trade deficit in the US. Impacts were also felt elsewhere around the world, for example, cheaper exports from Thailand also caused the closure of a German Electronics company in the UK with the loss of 1,100 jobs.

Following the Asian crisis, global economic growth slowed down to about 2%, its lowest level for five years. Export commodity prices also declined, with severe impacts on African countries dependent on primary raw materials.

Source: UNDP, 1999.

Nevertheless, attracting inward investment is still regarded by many governments as being unquestionably good for development. The failed Multilateral Agreement on Investment (MAI), which was being negotiated in the OECD, and now the investment proposals before the WTO, are being promoted on the basis that, without an attractive (i.e. deregulated) investment regime, nations will not attract FDI and will not 'develop'. Not only is FDI not necessarily beneficial, it does not automatically lead to 'development' or increased employment. Second, there is no link between deregulating foreign investment rules and attracting FDI (see Box 4).

As Rubens Ricupero, Secretary General of UNCTAD recently commented: "*So far there is no empirical evidence to suggest that developing countries are necessarily better off in terms of attracting and retaining quality FDI*

within the confines of multilaterally agreed disciplines in investment ... What is evident ... is that the existence of investment rules will do little to tackle the problem of distribution of the potential gains from trade and FDI. Investment tends to concentrate where capital is already present. Thus, imbalances between and within countries - imbalances that have been sharply exacerbated as a result of globalisation and liberalisation - will not be affected by the absence of investment barriers, as some of its proponents have suggested" (Ricupero, 1999).

Box 4: Foreign direct investment (FDI)

Some 80 per cent of FDI is accounted for by cross border mergers and acquisitions (UNCTAD, 2000). These are renowned for leading to job losses. Subsequent to one such merger (of BP and Amoco) 7,000 redundancies were announced. Moreover, in 1998 BP-Amoco axed a further 3,000 jobs because, despite the fact that it still made a massive \$4.5 billion profit, this was a drop from \$6.5 billion the previous year. In 1999, BP-Amoco acquired American oil company Arco resulting in a further 2,000 job losses. In 2000, Chevron acquired Texaco with the predicted loss of 4,000 jobs.

In 1999, China attracted about 20% of all FDI inflows to developing countries (the next highest were Brazil at some 15%, Argentina and Hong Kong China both 11%, and Mexico and the Republic of Korea both 5%). China is not renowned for its deregulatory approach to investment or any other sector of its economy. FDI is much more likely to be attracted to countries with a large market, basic infrastructure and a good skills base. This compounds the concept of 'trade abandonment' in which the majority of FDI goes to a minority of countries whilst the others are abandoned in a supposedly globalised economy.

Source: UNCTAD, 2000.

Export-led development and debt as contributing factors: As a result of governments' wholesale acceptance of free trade theory as being in the public interest, the policies of the WTO, the IMF and the World Bank have focused on encouraging countries to follow a 'liberal free market' agenda. Export-led development - the (re)structuring of an economy towards producing goods for export markets in order to afford more imports and stimulate economic growth - is a further fundamental part of current western free market economic policy.

However, the empirical evidence in support of export-led development is poor. A focus on export-led development generally pushes countries into cash crops or increased mineral production with associated, severe negative impacts on the environment and on local communities. (see *The World Trade System: Winners and Losers*, FOE for further detail and case studies). In addition, not everyone can develop through the expansion of their export sector. One of the "*unspoken truisms of international trade*" is that "...it isn't possible for every nation to export more than it imports. *Where will the surplus go?*" (Kierans and Stewart, 1989).

The issues surrounding export-led development (vis-a-vis the experiences of Cote d'Ivoire, Ghana, the Philippines and Indonesia - see Box 5) and the role of the IMF and the World Bank in shaping trade policy confirms that the trade system cannot be divorced from the other variables such as structural adjustment, the vagaries of capital and commodity (speculative) markets, and the external debt of countries.

Furthermore, heavy debt burdens on developing countries encourage governments to agree to export-led development programmes and to allow increased exploitation of natural resources for export in order to generate foreign exchange. The export-led development programmes of the Bretton Woods institutions have reinforced this short-term and damaging approach, creating a vicious circle in which world markets are oversupplied, commodity prices tumble, and poverty-stricken countries are forced to increase exports. Thus rich, importing countries have ready access to cheap supplies of natural resources and have, in fact, incurred an ecological debt to the countries of the South which far outweighs the official financial debt of the South.

In addition, heavily indebted countries are often forced to slash environmental and social spending, making it

difficult for governments to pursue sustainability objectives.

Environmental and health impacts

The current trade system has a wide range of impacts on the environment and health, including increasing resource use and pollution, and conflict with international, national and local laws and practices that promote sustainability and protect the environment (see *The World Trade System: Winners and Losers*, FOE for further detail and case studies).

Resource use: The trade system effectively ignores the fact that increasing consumption is depleting natural capital (ie, the environment) on which the global economy is based. Increased trade also means more transport and thus more pollution. Since the economic system does not recognise limits to global resources or the pollution-absorbing capacity of the ecosystems, it is inherently and undeniably unsustainable.

UNEP has confirmed that tropical forests and marine fisheries have been seriously over-exploited and that globalisation is also leading to species invasion. The global marine catch has nearly doubled between 1975 and 1995. Over-fishing for export-led development (see above) now means that 60% of the world's ocean fisheries are at or near the point at which yields start to decline (UNEP, 1999).

Box 5: Export led development - the experiences in Cote d'Ivoire, the Philippines, Ghana and Indonesia

Increasing exports do not necessarily lead to development. Cote d'Ivoire has increased its exports (from \$3 billion in 1980 to \$5 billion in 1995). However, Cote d'Ivoire's GDP has remained stagnant (the same \$10 billion in 1995 as it was in 1980) and their external debt has skyrocketed (from \$7 billion to \$19 billion over the same period). Cote d'Ivoire is largely dependent on exports of primary commodities like coffee and cocoa yet, during the 1980s, the world market prices for these products collapsed. Cote d'Ivoire had to increase the volume of its exports to earn the same amount of revenue. With an external debt nearly four times as much as its export revenue, Cote d'Ivoire is not going to be able to export its way out of the debt crisis and into development.

In the 1960s and 1970s, the Philippines became one of the top four timber exporters in the world. In the process, 90% of its forests have been lost. The country is now a timber importer with 18 million impoverished forest dwellers, an external debt of nearly \$48 billion in 1998 (up from \$17 billion in 1980) and over one third of the population still living below the poverty line.

Ghana's Economic Recovery Programme was launched in 1983 and has seen over US\$2 billion of foreign investment in the mining sector. In the Wassa Fiase area of the country, said to have the single largest concentration of mines in the African continent, people have reported being evicted from their homes and farmlands by soldiers making dawn raids to claim land for use as mining concessions. They are paid little or no compensation, yet this primarily agrarian community has lost its main source of food and income.

In Indonesia, the operation of the Grasberg copper and gold mine has been described as representing one the world's worst known cases of environmental degradation and human rights' abuses. Over 100,000 tonnes of ore tailings are dumped into rivers every day. Villagers have been forcibly resettled including 2,000 people in 1998 alone.

Similarly, 56 million hectares of forest was lost globally between 1990 and 1995. Demand for wood continues to increase and the global production of wood products is now some 35% higher than in 1970. The recent analysis of the conservation status of 10,000 tree species (out of an estimated world total of 100,000) found that over half were globally threatened as defined by the International Union for the Conservation of Nature and Natural Resources (IUCN) (UNEP, 1999). The increase in global trade of wood products has stimulated the invasion of alien species often with dramatic ecological impacts. The US has recently restricted imports of packing materials

due to the high occurrences of the destructive Asian long horned beetle. At the same time, timber certification designed to promote the production and consumption of sustainably produced timber could be constrained by WTO rules.

At the same time, road and air transport are major contributors to air pollution and climate change. Every year, nearly 3 million people die from air pollution globally. It has been estimated that truck transportation in North America is likely to increase seven fold between 1995 and 2005 as a result of the North American Free Trade Agreement (NAFTA) a rate of increase likely to far exceed any improvement in the pollution efficiency of truck engines. Similarly, it has been suggested that the proposed Trans European Network will threaten the social integrity of 1,000 small villages throughout Europe.

Inequitable consumption: Global consumption (as measured by how much money is spent) has increased on average 3% annually since 1997, although this figure hides significant imbalances. Consumption in Africa is now 20% lower than it was in 1980. Basic needs - such as adequate nutrition, literacy and information - are not being achieved. For example in sub-Saharan Africa, between 1970 and 1995, average per capita consumption of printing and writing paper actually decreased from 2.2 to 1.6 kilograms per annum whilst calorie intake in 1995 was still below the daily minimum requirement of 2,300. By comparison, average per capita consumption of printing and writing paper in industrial nations increased from 45.7 to 78.2 kilograms per annum over the same period (UNDP, 1998).

Conflicting with international rules to protect the environment: In spite of claims that no multilateral environmental agreements have ever been challenged in the WTO, WTO rules and trade interests have already had a marked effect on some international agreements and ongoing negotiations designed to protect the environment and promote development. These include the Kyoto Protocol which sets out legally binding reductions in greenhouse gases. Because of the objections from the US (under heavy pressure from the country's fossil fuel-dependent TNCs such as Exxon-Mobil, see below) and other developed countries, the Protocol has been severely watered down. Other multilateral environmental agreements (MEAs) that have trade components - like the Convention on International Trade in Endangered Species (CITES) and the Biosafety Protocol - would also appear to remain vulnerable to challenge through the WTO.

Conflicting with national rules to protect the environment: The WTO's dispute settlement system has also been used several times to overturn national legislation designed to promote environmental protection and health. Whilst the details of each case differ, an overall pattern has emerged - almost all decisions to date have favoured the 'trade' interest over environment and health concerns. An exception to this is the recent asbestos dispute (Canada objected to a French ban on production, trade and sale of the product). The WTO's dispute panel bodies ruled that members are free to set an appropriate level of protection in relation to public health (the WTO does allow trade restrictions where they are deemed necessary to protect human, animal or plant life or health) and that the health risks constituted a legitimate factor in determining the likeness of products. However, elsewhere disputes continue to overturn or impose sanctions on national legislation in various countries, for example, imports of dirty oil and hormone-treated beef. The imposition of punitive sanctions is fueling public opposition to the WTO in countries such as France, the UK and the US (see *The World Trade System: Winners and Losers*, FOE for further details and case studies of the trade disputes mentioned in this section).

Food safety: One particular WTO agreement, the Sanitary and Phytosanitary (SPS) Agreement has already been invoked by the WTO when ruling on food issues, most notably the EU ban on the imports of hormone-treated beef due to consumer and health concerns (see disputes, above). The SPS requires that appropriate risk assessment, involving an analysis of the available scientific evidence, must be undertaken before action (ie a import ban) can be taken. If the risks are unknown, and thus little or no scientific evidence exists, 'provisional measures' can be taken as a temporary measure whilst the risks are being assessed (this brings with it questions regarding the legal 'adequacy' of the risk assessment and the interpretation of results). This severely limits the application of the precautionary principle, which the EU argued in the beef-hormone case, despite the fact that the principle is now widely recognised in international law.

Trade, biotechnology and eco-labels: It is expected that forthcoming negotiations will again, to some extent, focus on biotechnology. Various countries - but particularly the US at the behest of their biotechnology industries - want the WTO to consider rules and regulations. At the time of writing it is unclear as to how this would be achieved. The recent proposals by the EU for a more comprehensive European GM labelling scheme has only raised the stakes. It has infuriated the US who believe that the proposals are not compatible with the WTO. This could develop into a significant trade dispute.

The US may also attempt to raise biotechnology within the agricultural negotiations. They can also be expected to lobby hard so that the SPS Agreement is not opened up for (re)negotiation in order to preserve the 'science-based' focus of the Agreement and limit further the application of the precautionary principle (precisely the opposite of the EU's position). In general, those in favour of biotechnology want to prevent national legislation restricting or discouraging the import of biotechnological products, and for WTO challenges to such legislation to be made easier. It is also possible that rules governing the use of eco-labels will be reviewed in favour of trade concerns (for further discussion of both see 'new issues' below).

Governments, corporations and trade issues

Transnational Corporations (TNCs) dominate world trade and about two-thirds of all trade is now accounted for by just 500 companies. They are thus able to exert considerable influence in trade negotiations and the establishment of trade rules. Firstly, they have access to high level decision makers, both within governments and the WTO. Secondly, companies together with governments are driving down standards world-wide leading to what is known as the 'race to the bottom'. Thirdly, to remain competitive and efficient, companies are consolidating through mergers and acquisitions. This process has resulted in the loss of many jobs as well as creating massive global monopolies and oligopolies which further increases their economic and political influence.

Box 6: Transnational Corporations

The total income of the 10 largest TNCs is now greater than that of the world's poorest 100 countries, and many TNCs have greater sales than the GDP of some developed countries. For example, General Motors is more powerful in pure economic terms than Thailand or Norway (UNDP, 1999). Whilst governments are bound by international law and UN conventions, there exists no comparable level of international regulation for TNCs.

Box 7: Chiquita

Within days of Chiquita - a major US banana multinational - making a \$500,000 donation to the Democratic Party in the USA, the US Government lodged a complaint against the EU's banana import regime that favoured Caribbean banana producers. Chiquita's bananas are mainly from Latin America.

Undue influence

Whilst member governments make up the composition of the WTO, TNCs play a very influential role in what is negotiated and decided. Friends of the Earth is particularly concerned with the unbalanced involvement of industry in the creation of trade policy. Governments give too much weight to industry concerns, and too little to other sectors of civil society. Public interests organisations and concerned individuals need a much greater voice in domestic trade policy development and at the WTO.

At the international level there are two very important lobby groups; the International Chamber of Commerce (ICC) and the Transatlantic Business Dialogue (TABD).

The International Chamber of Commerce: The ICC calls itself the world business organisation for promoting trade and investment. It was one of the main proponents of the Multilateral Agreement on Investment (MAI) and has over 7,000 members including most of the world's largest TNCs. It has access to high-level decision makers and influence within the WTO (for example, Arthur Dunkel, former Director General of the GATT is chair of the ICC Commission on International Trade and Investment, is a registered WTO dispute panelist and on the Board of Nestlé). Similarly, in the run up to Seattle, ICC members met with the German Chancellor to lobby for the new

issues proposed by the European Commission (including investment, government procurement and trade facilitation) and negotiations to ensure that multilateral environmental agreements and eco-labelling do not hinder free trade (CEO, 1999; Stichele, 1998).

The Transatlantic Business Dialogue: The TABD involves over 100 corporate leaders advising both the highest levels of the EU and US administration on trade policy and on the companies' positions regarding the WTO negotiations. Their priorities for the WTO mirror the EU position, namely a comprehensive round including new issues such as investment. At the scaled-down TABD annual conference in October 2001, CEOs met with government representatives including top trade officials just days before the WTO's 4th Ministerial Conference.

Other corporate lobby groups: In the US, corporate lobby groups are also very influential. For example, through the Biotechnology Industry Organisation (BIO) or the Intellectual Property Committee, which brought together 13 major US corporations (including Monsanto, DuPont and General Motors) and was instrumental in getting TRIPs onto the GATT agenda. The Transatlantic Business Dialogue (TABD) is also influential (see above). Many corporate lobby groups sit on US advisory committees.

US advisory committees: In the US, the private sector plays a pivotal role in trade negotiations through the mechanism of advisory committees. According to the USTR, this process was extremely successful during the Uruguay Round and in initiatives through the Asia-Pacific Economic Co-operation (APEC). The primary objectives of the private sector advisory system are:

- to consult with the US government on negotiation of trade agreements;
- to assist in monitoring compliance with the agreements; and
- to provide input and advice on the development of US trade policy.

At one level is the Advisory Committee on Trade Policy and Negotiations (ACTPN), appointed by the President. The committee has about 35 members mostly from representative elements of the US economy with international trade interests. Its mandate is to provide overall policy guidance on trade issues. This committee has the ear of the President. Around 20 members belong to TNCs such as Pharmacia (parent company of Monsanto), UAL Corporation and IBM. At the next level are the policy advisory committees to the USTR in the specific areas of industry, agriculture, labour, defense, services, investment, environment and intergovernmental affairs. There are also sectoral advisory committees - so-called Industry Sector Advisory Committees (ISAC) for Trade Policy Matters, which are composed of experts from their respective fields. All these committees advise the highest positions in the USTR.

In the EU, the process is no less formal. Many corporate lobby groups play an important role but a select few appear to wield the greatest influence.

The Investment Network: "In the run up to Seattle, the European Commission coordinated its campaign for investment negotiations in the WTO with the Investment Network, an 'informal network' of business representatives initiated by the EC in 1998." (CEO, 2000). The Investment Network (IN) is reportedly comprised of such companies as Fiat, ICI, Daimler, Carlsberg, BP Amoco, Rhone-Poulenc and some other 50 corporations and was established to identify the priorities for these corporations in any WTO investment agreement. The Network had its first meeting with the Commission in late 1998 to establish "consultation and partnership with European business interests over investment issues" (CEO, 1999).

The European Services Network (ESN) and the European Services Forum (ESF): ESN, latterly renamed the European Services Forum (ESF) and the European Services Leaders Group (like the IN) were established in response to encouragement from the European Commission. The ESN would "advise EU negotiators on the key barriers and countries on which they should focus on in these negotiations [on the General Agreement on Trade in Services]" (CEO, 1999). The impetus behind the ESN was clearly the pivotal role that companies played in another network - the Financial Leaders Group (FLG) - which assisted and worked closely with the Commission on the Agreement on Financial Services. Not surprisingly, the (co)-chairman of the FLG and the ESN at the time

was the same person - Andrew Buxton, Head of UK-based Barclays Bank. Clearly, their influence and power over trade talks within the Commission is considerable. Leon Brittan confirmed: "*You [the ESN] are the driving force of the consultation system which we have established; my door is open for any matters of concern*" (CEO, 1999).

This cosy relationship between Leon Brittan and the European services industry continues in the run up to the WTO's next Ministerial. Nine months after quitting as European Trade Commissioner in mid 1999, he became Vice-Chairman of the investment bank UBS Warburg, a part-time consultant on WTO issues to the international law firm Herbert Smith and an advisory Director to Unilever. Subsequently, he also took over from Andrew Buxton as Chair of the LOTIS Committee of International Financial Services London (IFSL), a lobby group representing the financial industry. Brittan will undoubtedly be hard at work lobbying the European Commission regarding further liberalisation of services within the WTO (CEO, 2001).

The European Roundtable of Industrialists (ERT): ERT has pushed for investment liberalisation for a long time. Its members include the largest TNCs in Europe - including BP Amoco, Renault, Philips, BT, Unilever, Aventis, Nestlé, Suez, Fiat, ICI, Royal Dutch Shell, Bayer and Carlsberg. Its main objective has been to get investment into the WTO. To this end, the ERT has established a working group on foreign economic relations. At its head is Peter Sutherland, former GATT Director General and now chairman of BP Amoco. The ERT has already indicated its willingness to work with the Commission and sent a delegation to Seattle to assist the Commission in the preparation of investment in the WTO (CEO, 1999).

Other influential lobby groups in the EU include the Union of Industrial and Employers Confederations of Europe (UNICE) which has regular meetings and contacts with the Commission.

Other country committees: Again, formal links exist in Japan between companies and government officials. This is conducted through Keidanren (the Japan Federation of Economic Organisations representing the business community). They have various Committees such as Trade and Investment (in 1998, the chair was the CEO of Mitsubishi), the Committee on Environment and Safety (in 1998, the chair was the Chairman of Nissan) and Comprehensive strategy (in 1998, the chair was the Chairman of Toyota).

The influence of TNCs on global environmental/trade agreements: TNCs exert considerable influence in negotiations leading to global multilateral environmental agreements (MEAs). Prior to the successful adoption of the Biosafety Protocol in early 2000, a small group of GM exporting countries, under pressure from their TNCs, had been responsible for the demise of previous negotiations to agree the Protocol. And the same process is underway with the Kyoto Protocol. The US withdrew from negotiations following intense pressure from fossil-dependent TNCs such as Exxon-Mobil under the premise that commitments to reductions in GHG would reduce the competitiveness of the US economy. Companies such as Exxon are keen to maintain their pre-eminent position as the world's largest producer, trader and marketing of petroleum products. It is reported that oil companies gave about \$26 million to the Republican party throughout the year 2000 in the run up to the presidential election of which Exxon donated over \$1 million (President Bush himself received \$1.9 million). Within days of assuming the Presidency, George Bush pulled out of the Protocol.

Falling global standards and job insecurity

The need to be internationally competitive also drives down standards. To remain competitive, companies are increasingly searching for low cost production areas - in terms of labour costs (both in terms of union activity and wages), the weakest environmental standards or lax health and safety regulations. This is being fueled by governments further enticing companies through subsidies and tax related incentives. According to UNDP, "*the pressures of global competition have led countries and employers to adopt more flexible labour policies, and work arrangements with no long-term commitment between employer and employee are on the rise*" (UNDP, 1999). This is certainly evident throughout the EU, particularly in the UK, which has weakened workers dismissal laws and moved towards more decentralised wages bargaining (UNDP, 1999). Overall, the rights of some UK workers (through for example trade union laws) have been weakened significantly over the past 20 years.

Falling standards are mainly influenced by three important processes. The first is that governments, in their

attempts to attract inward investment, are lowering environmental, health and safety standards and reducing the rights of workers. The second is that companies influence governments not to enact more exacting legislation because it will make domestic companies less competitive (known as 'policy chill'). The third is the threat by companies to workers: that they will move abroad unless their employees accept poorer working conditions. These three factors contribute to what is known as the 'race-to-the bottom' (see Box 8 for examples of these three processes).

Monopolies and job insecurity

In today's highly competitive global market, there is even more pressure on companies to reduce costs (this is partly driven by the need to increase profits to appease shareholders). This has sparked a trend for corporate restructuring, rationalisation and consolidation, primarily through mergers and acquisitions. The process of globalisation is thus driving a process that can actually increase unemployment and job insecurity whilst concentrating trade in the hands of the larger players and knocking out smaller, less competitive companies. This has serious implications for employment, consumer choice, value for money and prices. Recently, this consolidation has been most evident in the oil sector (see Box 4).

Box 8: Races-to-the Bottom?

The first process is amply illustrated in the UK. Inward investment has poured into the country, in part due to the weakening of union rights. So whilst rights and standards have dropped, employment opportunities have risen. But the reverse is also certainly true with investors leaving with relative ease (termed 'easy come, easy go'). For example, Vauxhall decided to close its plant in Luton and move production to Germany partly, it appears, to avoid having to give minimum notice periods or conduct consultations over large-scale redundancies in the UK (in which case its costs would have increased).

The second process is well illustrated in Canada. Here, the forest industry in British Columbia formed the BC Forest Alliance which has campaigned against more exacting legislation, specifically that covering endangered species including the Northern Spotted Owl. The BC Forest Practices Code has twice been amended to reflect concerns by the industry with regards the cost of implementation.

The third process is again evident in the UK. Hoover threatened to move its operations from the UK to France unless the workforce accepted flexible working time, limited period contracts, overtime cuts, constraints on the right to strike, a year-long freeze on wages, and the introduction of video cameras on the shop floor. It subsequently appears that the company had little intention of moving but the ruse worked and the workers accepted the conditions (Hildyard *et al*, 1996).

THE WORLD TRADE ORGANISATION - PAST, PRESENT AND FUTURE

The last Uruguay Round of negotiations led to the formation of the WTO. Whereas the GATT was an agreement with 'contracting parties' and served as a negotiating forum, the WTO is a recognised international body with 'members', which is responsible for monitoring and enforcing the World Trade Agreement (WTA) which sets out the legal basis for trade policy. The Uruguay Round was the longest, most tortuous and most controversial set of negotiations in the GATT's history. The Uruguay Round was concluded in 1994 and the WTO formed in 1995. By 2001, the WTO's membership stood at 142.

The WTO is responsible for administering these agreements and, according to the WTO Secretariat, it has three main objectives; "...to help trade flow as freely as possible, to achieve further liberalisation gradually through negotiation, and to set up an impartial means of settling disputes" (WTO, undated).

Principles

In terms of helping trade flow as freely as possible, the WTA is founded on two fundamental principles, that of Most Favoured Nation status (MFN) and National Treatment (NT), both of which are designed to act against trade discrimination. There is also a set of further 'annexed' agreements that deal with potential trade barriers in more specific aspects of trade policy.

Most Favoured Nation Status (MFN)

Although the phrase 'most favoured nation status' suggests some kind of special treatment for one particular country, in the WTA it means non-discrimination - treating all countries equally. Each member is bound to treat all the other members equally as 'most-favoured' trading partners. If a country improves the benefits that it gives to one trading partner, it has to give the same 'best' treatment to all the other WTO members so that they all remain 'most-favoured'. There are a few exceptions allowed (such as the Generalised System of Preferences or GSP) but, in general terms, MFN is intended to ensure that each WTO member treats other members equally.

National Treatment (NT)

National treatment means that imported and locally-produced goods should be treated equally. The same applies to foreign and domestic services, and to foreign and local trademarks, copyrights and patents. National treatment only applies once a product, service or item of intellectual property has entered a market. This means that charging customs duty (tariff) on an import is not a violation of national treatment even when locally-produced products are not charged an equivalent tax. However, whilst such tariffs are permitted, members negotiate their reduction and 'bind' them at the WTO. After tariffs have been reduced or bound, raising them unilaterally is prohibited, other than in exceptional circumstances such as a balance of payments crisis.

Content, structure and processes

Content - the annexed agreements

As well as the main text of the GATT 1947, the WTA comprises a number of further 'annexed agreements'. The most basic function of these agreements is to incorporate the principles of national treatment and most favoured nation status into other, more specific, areas of trade policy. These include:

- Agreement on Technical Barriers to Trade (TBT)
- Agreement on Sanitary and Phytosanitary Measures (SPS)
- Agreement on Trade-Related Investment Measures (TRIMs)
- Agreement on Trade-Related Intellectual Property Rights (TRIPs)
- Agreement on Subsidies and Countervailing Measures (SCM)
- General Agreement on Trade in Services (GATS)
- Agreement on Agriculture (AOA)
- Agreement on Textiles and Clothing (ATC)
- Agreement on Government Procurement (GPA)

The last of these agreements, the GPA, is currently a 'plurilateral' or voluntary agreement, signed up to by some, rather than all the members.

Structure

The WTO is an intergovernmental organisation with a secretariat based in Geneva. The Director General is appointed by the members (governments) while the rest of the staff are employed as in any other organisation. Its highest decision-making body is the Ministerial Meeting which takes place approximately every two years. Within the WTO is a General Council made up of member representatives that meets periodically to discuss issues that can be referred to the Ministerial Meetings.

Processes - trade negotiations and monitoring

The WTO acts as an international forum for trade negotiations. This takes place mainly through the General Council of the WTO, through Ministerial Conferences and through periodic 'rounds' of multilateral trade

negotiations. The WTO also has a variety of committees and councils at which particular aspects of trade policy are discussed and recommendations to the General Council are made.

The WTO believes that those involved in trade have to know as much as possible about the conditions of trade. It therefore stipulates that regulations and policies should be transparent. The WTO tries to achieve this transparency in two ways. Firstly, governments have to inform the WTO and fellow members of specific measures, policies or laws through regular 'notifications'. Secondly, the WTO conducts regular reviews of individual countries' trade policies and compliance with WTO rules - the trade policy review mechanism.

Dispute settlement

Perhaps the most important function of the WTO is its dispute settlement role. The rules are administered by the Dispute Settlement Body (DSB). In the event of a dispute between two Members, the DSB initially attempts to solve the problem through consultation, mediation and conciliation. If a settlement has not been reached after 60 days a Dispute Settlement Panel (DSP) can be requested. A DSP then holds hearings and produces a panel report which goes to the DSB for adoption unless an appeal is lodged, in which case the Appellate Body (AB) produces a further (and final) report for the DSB.

One of the critical differences between the GATT and the new WTO is that no one country can hold up a dispute panel decision in the WTO. Thus the WTO is much more powerful than the old GATT.

The Third Ministerial Conference, Seattle

At the end of November 1999, the heads of state of WTO members met in Seattle, USA for the Third WTO Ministerial Conference. World leaders were planning to initiate another 'round' of trade negotiations. However, the Ministerial collapsed because governments present could not agree an agenda for the proposed 'Millennium Round'. It failed due to:

* ***Conflicts between developed and developing countries as to what should be on the agenda.*** Right from the start, some developing countries, particularly in Africa and Asia, were opposed to the inclusion of any new issues, because of a lack of capacity, concerns that uncontrolled foreign investment will not benefit them, and the track record of the WTO whose current agreements (on issues like agriculture and intellectual property rights) have been biased towards rich countries and worked against the poorer countries. They were keen to prioritise 'implementation' issues surrounding some of the agreements but developed countries consistently refused to deal with this issue.

* ***Opposition from civil society.*** The civil disturbance in Seattle, with about 50,000 demonstrators, indicated the strength of opposition from groups around the world, from Northern and Southern countries. It illustrated the breadth of opposition to the proposed round and revealed unprecedented cooperation between different public-interest groups in different countries.

* ***Disagreements amongst developed countries.*** There were disagreements between developed countries that also remained unresolved. In particular, France, Norway and Japan maintained varying degrees of resistance to proposals to reduce agricultural support. In addition, a row between the European Commission and EU member states over whether to discuss biotechnology was a significant factor.

* ***Shockingly poor procedures.*** The procedures employed during the meeting were the final straw for many countries. It was highly inappropriate that the chair was also the main trade negotiator for the US, Charlene Barshefsky. Ms Barshefsky appeared to be manipulating the agenda to suit US concerns and refused to acknowledge that she knew about objections to procedures from developing countries. Basically, some countries found themselves overruled in working groups, unable to attend smaller 'green room' meetings (either because they were refused access or didn't know about them) and sometimes found themselves in meetings without the right negotiating papers. At least one group (the African group) found itself trying to

negotiate internally without interpretation when their interpreter was asked to leave to assist a US-backed meeting on trade and labour instead.

At the Ministerial, the failed negotiations ultimately involved 'trade-offs' on four key issues - the Singapore issues (investment, trade facilitation, government procurement and competition), agriculture, the environment and biotechnology. These issues were the key areas of concern of the largest trading blocs, the US and the EU. It appears that the US only agreed to investment issues (championed by the EU) once the EU had agreed to some of the US demands on agriculture. Similarly, the US also came out in support of some of the environment issues that were also being proposed by the EU in return for the EU's acceptance of the US proposal for the biotechnology working group.

However, at the end of the day, any agreements surrounding these issues would only have been agreed by the EU as part of the complete package (i.e. a new round).

The Fourth Ministerial Conference

Some governments aim to ensure that the next Ministerial succeeds where Seattle failed: launching a new comprehensive round of trade liberalisation negotiations. However, whatever happens, members are already mandated to renegotiate and review a number of agreements (the built-in agenda).

The WTO's 'built-in agenda'

A number of WTO reviews and negotiations are already taking place. Governments signed up to these commitments during the last Uruguay Round of trade negotiations and are unlikely to back down now. However, progress on these reviews and (re)negotiations is slow. Some governments (including the EU) are insisting on linking them to the new issues (see below). This 'built-in' agenda includes reviews of:

- the Agreement on Trade-Related Intellectual Property Rights (TRIPs);
- the Agreement on Trade-Related Investment Measures (TRIMs);
- the Agreement on Technical Barriers to Trade (TBT);
- the Dispute Settlement Understanding (DSU);

and further liberalisation negotiations within:

- the Agreement on Agriculture (AOA); and
- the General Agreement on Trade in Services (GATS).

All of these reviews/negotiations could have outcomes that impact negatively on the environment or society, in both the North and the South. For example, TRIPs impacts on peoples' ownership of, and access to, food, seeds and medicines. It has the potential to significantly reduce genetic diversity. TRIMs restricts governmental control on inward investment and the TBT Agreement deals with eco-labelling. Whilst further liberalisation is on the cards (particularly in agriculture and services), it is by no means a foregone conclusion that discussions on some of the 'built-in-agenda' issues will lead to further liberalisation. It is in fact possible that a review of the TRIPs Agreement, for example, could result in the rolling back of some of its rules. Either way, the big trading powers like the EU and USA will be using the 'built-in-agenda' to pursue their own self interests and increase market access for their TNCs.

Agriculture: In agriculture, the US and the Cairns group of agricultural exporters plan to target agricultural subsidies in Europe. This is likely to trigger intense opposition amongst European farming and rural communities. (The Cairns group consists of Australia, Canada, New Zealand and a number of developing countries including Argentina, Brazil, Malaysia and Thailand, all of whom operate with few or without agricultural subsidies). In addition, there are bound to be disagreements about whether agricultural trade should be completely liberalised, the implications for food security, particularly in developing countries, and whether exemptions for environmental

purposes are permissible (see *Peoples' Food Sovereignty: the Implications of Current Trade Negotiations*, FOE for further details).

Services: As far as services negotiations are concerned, it is now clearer which sectors governments have decided to include. Both the US and the EU have tabled proposals for further liberalisation and deregulation negotiations in a large number of sectors (see *Services: the Implications of Current Trade Negotiations*, FOE for further details). These include energy services, environmental services (including water), tourism services and transport services. This could have extensive environmental and developmental implications, for example access to water supplies, increased pollution from transport and increased fossil fuel extraction.

Intellectual Property Rights (IPRs): The Agreement on Trade-Related Intellectual Property Rights (TRIPs) impacts on peoples' ownership of and access to food and seeds and has the potential to significantly reduce genetic diversity. It permits northern TNCs to claim traditional plant varieties or plant uses as 'inventions' that must be respected the world over. TRIPs was first brought into the GATT in the Uruguay Round and implemented in a way that favoured large Northern corporations. TRIPs and the use of patents expropriates knowledge from farmers and indigenous peoples in developing countries who, in many cases, have been cultivators, researchers and protectors of plants for thousands of years. This practice is commonly referred to as 'biopiracy'. Biopiracy is not the result of the absence of intellectual property right (IPR) systems in the developing world but a direct consequence of the imposition of western style IPR systems (based on the US patent regime) through the TRIPs Agreement.

Technical Barriers to Trade (TBT): The Technical Barriers to Trade (TBT) Agreement covers any procedures or standards that might be deemed to interfere with international trade. This includes packaging, marking and labelling standards, and thus eco-labels. The Confederation of British Industry urges WTO members to establish that TBT rules apply to eco-labelling and to clarify the extent to which private eco-labelling rules should be covered by the agreement (which could bring well-established initiatives such as the Forest Stewardship Council scheme under the remit of the WTO). Similarly, in the run up to Seattle, the International Chamber of Commerce lobbied against eco-labelling requirements, arguing that they hinder free trade.

Investment: Investment may be dealt with under the built-in agenda *and* as a new issue. In other words, even if investment is rejected as a new issue it is still possible that investment policy may be dealt with under the built-in agenda, where it appears as the Agreement on Trade-Related Investment Measures (TRIMs). The TRIMs Agreement bars countries from imposing several kinds of performance requirements (conditions) on foreign investors. Under TRIMs, governments can not require corporations to export a minimum percentage of finished products, or to use a minimum percentage of domestically-produced components.

TRIMs obligations were supposed to apply to developing countries from 1999/2000. However, some countries, such as Thailand, have been granted additional waivers whilst Argentina, Colombia, Malaysia, Mexico, Pakistan, the Philippines and Romania have been granted extensions to their transition periods.

Friends of the Earth is concerned that this review could be used to introduce an agreement similar to the Multilateral Agreement on Investment into the WTO by a less obvious route, particularly if investment *per se* is rejected as a 'new issue' (see below).

Sanitary and Phytosanitary Agreement (SPS): The SPS deals with food safety and standards and permits the WTO to determine what international and potentially even domestic measures are necessary to protect human, animal or plant life or health. Members are 'encouraged' to use international standards where they exist, although they are allowed to maintain higher domestic standards if there is 'scientific justification' or as a consequence of an 'appropriate risk assessment'.

The SPS has already been used by the WTO in rulings on food issues, especially the European Union's ban on the imports of hormone-treated beef (imposed due to consumer and health concerns). The SPS requires that appropriate risk assessment, involving an analysis of the available scientific evidence, must be undertaken before

action (ie an import ban) can be taken. If the risks are unknown, and thus little or no scientific evidence exists, the precautionary principle - which the EU argued in the beef-hormone case - cannot be used, despite the fact that the principle is now widely recognised in international law. Specifically, the WTO Appellate Body ruled that the precautionary principle cannot be used to override the risk assessment clauses in the SPS Agreement. The implications of this are that at best a limited precautionary approach can be adopted within the scope of the SPS. 'Provisional measures' can be adopted where information is not sufficient provided that the additional scientific evidence for a more objective risk assessment is obtained in a reasonable period of time (Article 5.7). However, current EU efforts to incorporate the precautionary principle into WTO rules are being strongly resisted by the US.

Furthermore, the beef-hormones case is being seen as a 'dry-run' for a potential dispute over genetically modified organisms (GMOs) where the same issues of scientific uncertainty, corporate interest and public taste would once again arise. In the run up to Seattle, it was clear that the US's (unofficial) position on biotechnology was that it would not let other nations hide behind unfounded scientific claims to block further commerce in agriculture (Glickman, 1999). Notwithstanding the successful adoption of the Biosafety Protocol, it remains highly likely that the US and others such as Canada, want biotechnology to fall under WTO rules. Central to this position is the status of the SPS Agreement. Thus it appears likely that the US will make sure that the SPS Agreement is not opened up for further clarification or review. They are keen to preserve the 'science-based focus' of the Agreement and limit further application of the precautionary principle. US industry lobby groups are also firmly behind this position.

A new 'round'?

The proposed 'new round' is an attempt to have another comprehensive round of trade negotiations which would add new issues and negotiations to the 'built-in agenda'. 'Comprehensive round' is government-speak for an integrated negotiation across a number of sectors (e.g. agriculture, investment etc) which permits countries to make concessions in certain sectors and gain benefits in others. However, another way of looking at it is that many countries with weaker negotiating positions (i.e. many developing countries) are more easily coerced into commitments that hinder their development. For example, loss of government control over inward foreign direct investment.

A 'new round' is once again being promoted by the EU, although other countries (such as Japan) are also broadly supportive. It is however being opposed by a number of developing countries, for example the increasingly influential 'Like-Minded Group' of 13 countries including Egypt, Indonesia, India and Malaysia. Up until mid-2001, the USA had been more reserved in its support for a comprehensive new round (instead indicating its support for a limited market access round). In part this was due to domestic political pressure, the difficulty of getting 'fast-track' negotiating rights for the President and his delegation and the fact that the US appears more circumspect, wishing to avoid another Seattle fiasco. However, in the run-up to the Genoa G8 Summit and Climate Change talks in Bonn in July 2001, there was a marked change of emphasis from the US. The US agreed to support the EU's call for a new trade round (and not to block moves to include investment) in order to smooth transatlantic relationships, following the US's rejection of the Kyoto Protocol and its announcement of plans to develop a missile defense system ('son of star wars'). It appears that trade-offs are now being made not solely on issues to be included in a new WTO round (agriculture, investment etc) - as was the case at Seattle - but also between global environmental and political issues. The US has also reiterated its determination to push ahead with further trade liberalisation negotiations following the tragic events on 11th September 2001 in the US. Robert Zoellick, the US Trade Representative, remarked in a news paper article entitled 'Countering Terror with Trade': *"In the wake of [the] attack, we affirmed our commitment. The United States is working to launch new negotiations to open markets at the World Trade Organisation meeting in November."* (Zoellick, 2001)

The main reason for having a new round of negotiations is to push the liberalisation agenda of the rich northern countries. This includes the further reduction of industrial tariffs (border taxes on imports) plus liberalisation (i.e. deregulation) in a number of other 'new' areas.

These 'new issues' could include investment, government procurement, competition policy, trade facilitation and the environment.

Developing countries, on the other hand, have their own and rather different list of issues they want addressed at the next Ministerial. In general, they are opposed to the EU's 'new issues'. Instead they want their commitments (and problems surrounding implementation) to existing agreements reviewed. At a WTO meeting in May 2001, 30 governments from developing countries insisted that an 'implementation agenda' was an essential precondition to any new round of talks. They argue that poor countries have simply not enjoyed the supposed benefits expected of 'free trade'.

However, both during and since Seattle, the US has steadfastly refused to prioritise implementation issues. Robert Zoellick is on record as saying that the US is not prepared to allow any review of imbalances in agreements or make significant concessions (at best countries might be given extended time scales for the implementation of the TRIMs Agreement). And in Mike Moore's 'reality check' in July 2001, intended to assess how close members were to agreeing a common agenda for the next Ministerial, one issue was clear. According to developing countries, there had been no progress at all on implementation issues. India and Pakistan commented that there had been no change in the attitude of the major trading parties who seemed incapable of responding positively to implementation concerns of developing countries. India in particular has been adamant that it will not be pressurised into agreeing a new round and feels that developing countries have been insulted by the fact that the developed world does not take their implementation concerns seriously.

Investment

Investment is obviously a contentious issue after the demise of the Multilateral Agreement on Investment. Investment discussions are likely to focus on stripping away the controls that countries place on inward investment (like joint venture requirements) rather than allowing the kind of latitude needed to pursue a range of goals (e.g. environmental, social or developmental).

Economic liberalisation and speculative investment flows have set the stage for recent financial crises in which poverty has increased and government spending on social welfare programmes and environmental protection has been slashed. In this context it is disturbing that some Northern governments are seeking to negotiate an investment liberalisation agreement in the WTO. Such an agreement could further interfere with the development of regional economies, reduce the responsibilities of investors at the local level and further reduce the South's ability to obtain developmental benefits from inward investment.

Furthermore, deregulating foreign investment is not necessarily the key to attracting foreign direct investment (FDI). China, for example, attracted 20% of all FDI inflows to developing countries in 1999. China is not renowned for its deregulatory approach to investment. FDI is much more likely to be attracted to countries with a large market, basic infrastructure and good skills base.

Trade flows are currently valued at around \$7.6 trillion annually (see Tables 1 and 2), whilst foreign investment generates \$13.6 trillion in annual sales by overseas affiliates of transnational corporations (UNCTAD, 2000). Thus an agreement on investment would have the affect of substantially increasing the power of the WTO, cementing its transformation from a body dealing mainly with trade to an institution with oversight of many economic, social and environmental decisions. Friends of the Earth believes this would be highly inappropriate given the WTO's track record in terms on the environment and development. Investment should not be addressed as a new issue.

It is important to regulate international investment, but the WTO is not the appropriate forum. Governments should jointly initiate negotiations within the more open forum of the United Nations for a binding code of conduct. Such binding rules should require investors to protect the environment and respect the rights and interests of local communities. National governments should also do more to ensure that inward and outward investment promote sustainable development.

Plans to launch negotiations on investment in the WTO have been influenced by the fate of a parallel investment process at the Organisation for Economic Co-operation and Development (OECD), a grouping of the world's industrialised nations. In 1995 the OECD started negotiating an investment liberalisation agreement called the Multilateral Agreement on Investment (MAI). MAI supporters, especially the US, believed that the OECD could produce a stronger investment agreement (in terms of protecting corporations) than was possible in the WTO. However, MAI negotiations ceased in 1998 due to disagreements between governments and pressure from civil society groups. The end of the MAI gave proponents of investment negotiations at the WTO, such as the European Union and Japan, new energy.

Currently, the strongest proponents of WTO investment negotiations include the European Union, Japan, Switzerland, Chile, Norway and Korea. However, investment negotiations are opposed by a number of developing countries, including India, Egypt, Malaysia, Pakistan and many African countries. Whilst the US was initially reluctant to include investment, more latterly it has indicated that it will not block any attempts to include the issue but will not actively promote it (see above).

Competition policy

'Competition policy' may turn out to be a deceptive term for the proposed negotiations. Competition policy for the developing world means international rules to stop the mega-merger-mania that has recently been sweeping the globe and placing larger amounts of trade into the hands of a smaller and smaller number of giant transnational corporations. This they rightly see as anti-competitive. The industrialised countries on the other hand see competition policy discussions focusing on the internal rules and regulations (e.g. investment rules, again) of the developing world. In other words, they see it as a market access issue for their TNCs. If competition policy is discussed as part of a new round of negotiations, it is highly likely that the latter interpretation will win-out.

Friends of the Earth is concerned that any new negotiations on competition will actually focus on 'fair' market access for foreign firms, rather than beginning to control the current spate of mergers and acquisitions which are concentrating and consolidating power within transnational corporations. In other words, competition could simply be another means of introducing investment-related issues into the WTO, with consequences that would be likely to benefit rich Northern TNCs rather than enterprises in the South and consumers world-wide.

The process of trade liberalisation so far, has facilitated what is in our view 'unfair competition', pitting local producers against TNCs in areas where the capacity to pay for advertisers, marketers, lawyers, lobbyists and other such services determines success. In other words, 'liberalisation' has in reality facilitated the extension of monopolistic economic environments.

As with investment negotiations, the strongest proponent of WTO negotiations on competition is the European Union. The US is so far undecided but has indicated that competition should be excluded. This may reflect the ongoing embarrassment regarding the biggest failed industrial merger in history between General Electric and Honeywell which was passed by the regulatory authorities in the US but rejected by the European Commission on the basis that it was anti-competitive. Thus global and consistent rules to rein in the power of monopolistic TNCs, and ensure truly fair competition would, in theory, be desirable.

Government procurement

Government procurement is particularly significant for some of the poorest developing countries, where the government is the main economic agent (a significant proportion of GDP is being handled via government contracts). Developing countries are suspicious of any discussions that could lead to deregulation and the prohibition of their right to control government procurement. However, the industrialised countries are keen to gain market access for industry in the developing world by forcing government procurement decisions to be as transparent as possible, 'non-discriminatory' and subject to the WTO's binding dispute resolution system.

Government procurement could also be an issue of concern for local authorities in many different countries. For example, binding WTO rules on procurement could discourage officials from promoting 'green procurement' that favours environmentally beneficial products (such as certified wood from sustainable sources, minimum recycled

content in paper or energy efficient vehicles). Whilst it is difficult to predict the precise nature of investment liberalisation or government procurement negotiations, should they go ahead, there is certainly a possibility that any such negotiations could eventually undermine local or national government mechanisms to protect local economies and the environment, including procurement conditions. At worst, there could be a risk of local authorities being drawn into international legal disputes and massive compensation payments, which would undoubtedly see off all but the bravest of legislators.

There is already an Agreement on Government Procurement in the WTO. It covers such issues as transparency and non-discrimination but it is plurilateral and is only signed by about 30 countries. At the First WTO Ministerial in Singapore, it was agreed to set up a working group on Transparency in Government Procurement to further transparency issues with the intention of developing elements to include in an eventual multilateral agreement. Many developing countries remain adamantly opposed to launching negotiations on Government Procurement, as proposed by the EU.

Trade facilitation

Trade facilitation negotiations are intended to dismantle the bureaucratic hurdles importers have to jump. Whilst this sounds reasonable, from the environmental perspective, such negotiations could be significant were they to focus on removing 'bureaucratic' health and environmental regulations enforced at borders.

The Environment

Environmental issues are being pushed strongly by the EU.

However, there is a chance that environment will end up in the negotiating 'bin'. It will face staunch opposition from a number of developing countries and it could simply be used by the EU as a negotiating 'chip' to be discarded when convenient. However, the EU, together with countries such as Norway and Switzerland, are adamant that the issue will stay in. To date, the latest draft of the WTO's Ministerial Declaration of September 2001 largely excludes the EU's environmental proposals and the EU will be lobbying hard for its inclusion. Should 'environment' eventually make it into a new round it can be expected to focus on multilateral environmental agreements, the relevance of processing and production methods, eco-labelling, and the precautionary principle. Yet there would be no review of the fundamental conflicts between trade and the environment (for example, natural resource use) and no guarantee that negotiations would increase rather than decrease the importance attached to the 'environment'. On the contrary, any WTO negotiations on environmental issues could be used to reinforce the primacy of global trade rules.

Biotechnology and other issues

Notwithstanding the successful negotiation of the Biosafety Protocol, it remains a fair bet that trade in biotechnological products will be on the WTO's agenda not least because of ongoing transatlantic hostility over hormone-treated beef and genetically-modified organisms and products. It is possible that talks on biotechnology could crop up in any one of a number of the proposed WTO negotiations, including reviews of the TBT and the TRIPs Agreement (see built-in agenda issues, above), ongoing discussions on the SPS Agreement, as part of agriculture, or separately, as a new, 'stand-alone' issue.

Some believe that large GM exporting countries - particularly the US - could stay silent on the issue until close to the Ministerial and then 'ambush' the negotiations as the US did with the proposal for a biotechnology working group in the run up to Seattle. However, latest indications are that the US will seek to address the issue indirectly, in the sense that the US (plus others) will lobby hard to ensure that the SPS Agreement is not opened up for (re)negotiation. In this way they hope to preserve the 'science-based' focus of the Agreement and limit further application of the precautionary principle (precisely the opposite of the EU's position).

FRIENDS OF THE EARTH INTERNATIONAL'S RECOMMENDATIONS

There is a pressing need to change the rules governing international trade and investment to ensure that they properly reflect society's basic requirements and democratic procedures. Trade and foreign investment are not and

cannot be goals in themselves. Rather they are parts of a greater system, which, in order to be effective, needs also to be equitable, secure, sustainable and transparent.

In practice, this means that trade objectives, structures and rules need to be reviewed and revised forthwith. Governments meeting at the next WTO Ministerial should commit themselves to such a review, rather than trying to expand the power of an institution that is fundamentally at odds with society's requirements. For this reason, Friends of the Earth International (FOEI) and its 68 independent national groups oppose a comprehensive round of WTO trade and investment liberalisation negotiations and are calling for fundamental changes to the trading system.

The 4th WTO Ministerial presents an opportunity for governments to stake out a new approach to trade. FOEI therefore calls on governments to (these recommendations are fully outlined in the *Sale of the Century?* briefings on services and agriculture and the accompanying FOEI position paper, *Sale of the Century? Proposals for a Positive Sustainable Trade Agenda*):

- Refrain from embarking on another round of comprehensive trade negotiations.
- Undertake a comprehensive series of assessments on the impact of the implementation of all the Uruguay Round agreements.
- Use the results of the assessment referred to above to develop more just and equitable economic systems.
- Halt on-going agriculture trade liberalisation negotiations within the Agreement on Agriculture.
- Set up in the United Nations a UN Commission on Sustainable Agriculture and Food Security.
- Undertake a comprehensive assessment of the socio-economic, ecological, and regulatory impacts of the implementation of all international agricultural trade liberalisation agreements and institutions.
- Start talks for the negotiation in the upcoming World Summit for Sustainable Development (WSSD) in 2002 for a new and enforceable multilateral treaty for food and agriculture to bring about food security, safety, and sustainability under the auspices of a reformed and strengthened United Nations.
- Conclude the negotiations for such a treaty, and the treaty made effective, by 2006. Once effective, this new treaty should provide the framework for the regulation on the sustainable production of and trade in food and agriculture at a global level in lieu of the WTO Agreement on Agriculture.
- Stop current negotiations on further services liberalisation.
- Conduct a comprehensive and meaningful assessment that will examine both the actual environmental and social impacts thus far and the potential future impacts of the General Agreement on Trade in Services (GATS), including impacts on local communities and developing countries in all sectors.
- Exclude from any GATS disciplines any services related to the extraction or collection of energy fuels, minerals and ore, water, timber, and other natural resources, and any services related to nuclear energy.
- Exclude all publicly provided and essential services from any GATS disciplines, explicitly allowing governments to maintain the right to choose between public and private service provision
- Provide clear, strong and across-the-board exceptions ensuring that no reasonable environmental laws and regulations will be undermined or challenged by GATS rules.
- Ensure that the TRIPS Agreement does not restrict the right of governments and peoples to promote and protect essential public interests to health, the environment, and development.
- Prohibit the patenting (and the use of other intellectual property rights) of life forms. Biopiracy and theft of traditional knowledge must be stopped.
- Use the on-going review of the TRIPS Agreement to remove food and agricultural issues from the jurisdiction of the WTO.
- Initiate measures for the adoption of a new treaty during the 2002 WSSD relating to genetic resource access in which communities, peoples and governments become 'caretakers' of the genetic commons within their territories, taking into consideration national sovereignty and open access to the flow of genetic information.
- Ensure that the current TRIMS review is not used to extend the investment issue in the WTO.

- Instigate moves to remove the TRIMS Agreement from the WTO, and recognise the right of all countries, especially developing countries, to support and protect their own productive sectors.
- Ensure that no further trade liberalisation negotiations are undertaken in the forest products sector.
- Agree not to use trade rules to challenge laws designed to promote and protect development, the environment and health.
- Put in place a moratorium on the use of trade dispute mechanisms (including that within the WTO). International trade dispute settlement bodies must recognise the existence and give a presumption of validity to the precautionary principle, to local and national laws, and to international treaties and laws relating to the environment, human rights, health, and labour standards and may only find a violation if the challenged law clearly serves no legitimate purpose other than discriminating against imported products.
- Ensure that the global trading system is democratic, open, transparent and participatory. This would include the involvement of independent observers at all relevant meetings and the introduction of a presumption in favour of de-restricting all official documents.
- Acknowledge that multilateral treaties on the environment, development, health, labour and human rights, take precedence over the WTO. Initiate negotiations for an international agreement at the upcoming World Summit for Sustainable Development in Johannesburg whereby governments agree that MEAs take precedence over trade rules, and that multilateral environmental agreements need to be strengthened through the establishment of a joint compliance and dispute settlement system for MEAs that is publicly transparent, accessible to civil society, has formal compliance mechanisms, and provides for binding rules on corporate conduct.
- Reject export-led development in favour of policies that support local needs, economies and communities, and are participatory, equitable and sustainable.
- Cancel debt for all developing countries, comprehensively and unconditionally in recognition of the ecological debt countries of the North owe to the South. This will allow developing countries to pursue more sustainable development policies.

The 1992 UN Conference on Environment and Development identified the need to transfer financial resources from developed to developing countries to help pay for sustainable development. Unfortunately, Northern governments have not lived up to this commitment. Instead, repayment of debt has resulted in a tragic 'reverse Robin Hood' transfer of wealth from poor countries to rich Northern creditors.

Heavy debt burdens on developing countries encourage governments to allow increased exploitation of natural resources for export in order to generate foreign exchange. The export-led development programmes of the Bretton Woods institutions have reinforced this short-term and damaging approach, creating a vicious circle in which world markets are oversupplied, commodity prices tumble, and poverty-stricken countries are forced to increase exports. Thus rich, importing countries have ready access to cheap supplies of natural resources and have, in fact, incurred an ecological debt to the countries of the South which far outweighs the official financial debt of the South.

In addition, heavily indebted countries are often forced to slash environmental and social spending, making it difficult for governments to pursue sustainability objectives.

CONCLUSIONS

The world needs trade rules that reflect society's current values and needs. Existing trade rules and institutions and indeed the current global economic system are out of date and do not do this. Instead, they have contributed to increasing global inequality as well as undermine biological and cultural diversity. They are still based on the pursuit of profit regardless of social and environmental costs; and inequitable access to, and the overuse of, limited

natural resources. Critically, current rules also prevent the maintenance and development of locally-appropriate and sustainable systems of commerce. A new and sustainable framework for the regulation of trade for the twenty-first century needs to be based on the principles of democracy, equity, reduced consumption, co-operation and caution. In order to achieve such a framework, broad reform of the global economy is a prerequisite.

For these reasons, it is vital that governments reject proposals to expand the mandate of the World Trade Organisation. They should agree instead to review and rectify both the current trade system and the economic context within which that system operates. It is time to develop a system of international trade that promotes self-determination, environmental protection, sustainable livelihoods, equity and cultural diversity, amongst all nations and people.

Key References and Reading

- CEO, 1999. *WTO Millennium Bug: TNC Control Over Global Trade Politics*. Quarterly Newsletter, Issue No 4 - July 1999. Corporate Europe Observatory, Amsterdam. <http://www.xs4all.nl/~ceo/wto/wtobug.html>
- CEO, 2000. *How the EU and Business Prepared for WTO Investment Talks in the Run Up To Seattle*. Quarterly Newsletter, Issue No 6 - April 2000. Corporate Europe Observatory, Amsterdam. <http://www.xs4all.nl/~ceo/observer6/>
- CEO, 2001. *Revolving Doors*. Quarterly Newsletter, Issue No 8 - April 2001. Corporate Europe Observatory, Amsterdam.
- Daly, H. E. and J. Cobb, 1989. *For the Common Good*. Greenprint, London.
- FAO, 1995. *Food Outlook*. Food and Agriculture Organisation, Rome. Cited in C. Stevens, J. Kennan and J. Yates. *Levelling the Field: Will the CAP Reform Provide a Fair Deal for Developing Countries*. Catholic Institute for International Relations, London.
- FAO, 1998. *Assessment of the Impact of the Uruguay Round on Agricultural Markets*, CCP 99/12. Food and Agriculture Organisation, Rome. Cited in *Agriculture Trade Rules: Are They Stacked Against the Poor?* UK Food Group Position Paper on the WTO and Food Security. UK Food Group, London, Undated (but published in 1999).
- Glickman, D., 1999a. Address to the National Press Club in Washington, D.C. July.
- Glickman, D., 1999b. Evidence to the Hearing of the House Agriculture Committee. Subject: 1999 WTO Ministerial in Seattle Washington. June.
- Guardian*, 1999. McDonalds' campaign spawns French hero. The Guardian, 11th September 1999. London, UK.
- Hildyard, R., C. Hines and T. Lang, 1996. Who Competes? Changing Landscapes of Corporate Control. *Ecologist* 26 (4): 125-144.
- Jacobs, M., 1996. *The Politics of the Real World*. Earthscan, London, UK.
- Kierans, E and Stewart, W., 1989. *Wrong End of the Rainbow: The Collapse of Free Enterprise in Canada*. Toronto, Harper Collins.
- Kocherry, T., 1999. *Development: Majority of People Victims of Globalisation*. Acceptance speech while receiving the Sophie prize in Oslo, Norway in June 1999. Third World Network.
- Ricuperio, R., 1999. *Why Not a Development Round This Time for a Change?* Keynote luncheon statement to the next trade negotiating round conference: Examining the agenda for Seattle. Columbia University, New York, July.
- SEATINI, 1999. Statement from The Second Southern and Eastern African Trade Information and Negotiation Initiative (SEATINI) Workshop, Kampala, Uganda, 4 to 9 March 1999.
- South Centre, 1997. *Foreign Direct Investment: Development and the New Global Economic Order*. A Policy Brief for the South. South Centre, Geneva.
- Stichele, M., 1998. *Towards a World Transnationals' Organisation*. WTO Booklet Series, Volume 3. Transnational Institute, 30th April 1998. <http://www.igc.org/trac/globalisation/treaties/trade7.html>
- UNCTAD, 1996. *World Investment Report: Trends and Determinants 1996*. United Nations Conference on Trade and Development, New York and Geneva.
- UNCTAD, 1997. *World Investment Report: Trends and Determinants 1997*. United Nations Conference on Trade and Development, New York and Geneva.
- UNCTAD, 1998. *World Investment Report: Trends and Determinants 1998*. United Nations Conference on Trade and Development, New York and Geneva.
- UNDP, 1996. *Human Development Report 1996*. United Nations Development Programme, New York.
- UNDP, 1997. *Human Development Report 1997*. United Nations Development Programme, New York.
- UNDP, 1998. *Human Development Report 1998*. United Nations Development Programme, New York.
- UNDP, 1999. *Human Development Report 1999*. United Nations Development Programme, New York.
- UNDP, 2001. *Human Development Report 2001*. United Nations Development Programme, New York.
- UNEP, 1999. *Global Environment Outlook 2000*. United Nations Environment Programme, New York. Earthscan, London.
- WTO, undated. *Environment: Trade and the Environment in the WTO*. World Trade Organisation, Geneva, Switzerland.
- WTO, undated. *About the WTO: Basics - Summary*. World Trade Organisation, Geneva, Switzerland.

WTO, 1991. Services Sectoral Classification List. Available at <http://www.wdm.org.uk/campaign/GATS.htm>

WTO, 1996. *Annual Report 1996*. World Trade Organisation, Geneva.

WTO, 1999. World merchandise and commercial services trade. Various WTO web pages; <http://www.wto.org/status/World> Trade Organisation, Geneva.

WTO, 2001a. *International Trade Statistics*. Chapter 1 entitled World Trade in 1999 - Overview. World Trade Organisation (see tables 1.3 and 1.4). http://www.wto.org/english/res_e/status_e/stat_toc_e.htm

WTO, 2001b. *The WTO Annual Report 2001*. Chapter 2 entitled World Trade Developments. World Trade Organisation (see tables II.2 and II.4).

Zoellick, R., 2001. *Editorial - Countering Terror with Trade*. Washington Post. 20th September.

Contact Details for Friends of the Earth International's Trade, Environment and Sustainability Programme

INTERNATIONAL

Ronnie Hall
FoE (England, Wales & Northern Ireland)
26-28 Underwood St.
London N1 7JQ
United Kingdom
Tel: 44 20 7490 2665
Fax: 44 20 7490 0881
E-mail: ronnieh@foe.co.uk
Web Site: www.foe.co.uk

Vicente Paolo B. Yu III
WTO Programme Officer
BP 21, 160A Rte. De Florissant
CH-1231 Conches
Geneva, Switzerland
Tel/fax: 41 22 789 0742
E-mail: yuvince@philonline.com

AFRICA

Emmanuel Agyapong/Theo Anderson
FoE Ghana
Private Mailbag
General Post Office
Accra
Ghana
Tel: 233 21 225 963
Fax: 233 21 227 993
E-mail: foeghana@africaonline.com.gh

ASIA

Francis Victoria
Legal Rights and Natural Resources Center, Inc.
Kasama sa Kalikasan/Friends of the Earth Philippines
3rd Floor Puno Bldg., 47 Kalayaan Ave.,
Dilaman, Quezon City,
Philippines 1101
Tel: 63 2 9279670; 63 2 928 1372
Fax: 63 2 9207172
E-mail: kix@philonline.com
Web Site: www.info.com.ph/~lrcksk/

EUROPE

Alexandra Wandel
Friends of the Earth Europe (FoEE)
29, rue Blanche
B-1060 Brussels
Belgium
Tel: 32 2 5420185
Fax: 32 2 5375596
E-mail: alexandra.wandel@foeeurope.org
Web Site: www.foeeurope/trade/about.htm

LATIN AMERICA AND THE CARIBBEAN

Alberto Villarreal
REDES - FOE Uruguay
San Jose 1423
11 200 Montevideo
Uruguay
Tel/fax: 598 2 902 23 55/598 2 908 2730
E-mail: comerc@redes.org.uy

MIDDLE EAST

Hanan Awwad
Friends of the Earth Middle East
PO Box 9341
11191 Amman
Jordan
Tel: 962 6 5866602/3
Fax: 962 6 5866604
E-mail: mftz@gmx.net
Web Site: www.foeme.org

NORTH AMERICA

David Waskow
FOE (United States)
1025 Vermont Ave, NW, 3rd Floor
Washington DC 20003
United States
Tel: 1 202 783 7400
Fax: 1 202 783 0444
E-mail: dwaskow@foe.org
Web Site: www.foe.org



**Friends of
the Earth
International**

Friends of the Earth International
PO Box 19199
1000 GD Amsterdam
The Netherlands
Tel: +31 20 622 1369
Fax: +31 20 639 2181
E-mail: foei@foei.org
Website: www.foei.org

 Printed on paper made from 100 per cent post-consumer waste