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WTO and corporate globalisation - an overview

Our ten point programme for fundamental change of the present world trade system

"The time has come to acknowledge the crises of the international trading system and its main administering institution, the WTO. We need to replace this old, unfair and oppressive trade system with a new, socially just and sustainable trading framework for the 21st Century."

Our World is Not for Sale', the WTO Shrink or Sink document signed by an international coalition of Civil Society Groups and endorsed by Greens/EFA.

Two of the last three WTO Ministerial Conferences, those held in Seattle 1999 and Cancun 2003, have collapsed. In Doha, agreement to launch a controversial new cycle of multilateral trade negotiations was only secured amidst the highly charged atmosphere immediately following the September 11th 2001 terrorist attacks. The European Commission has now acknowledged, after the failure of Cancun, that "the consensus of the past fifty years, that regarded progressive trade liberalisation and strengthening of international trade rules as a public good, can no longer be taken for granted."(1) This publication explains our objections to the present system that governs world trade and offers a 10 point Reform Programme for fundamental change.'

Overview

The concept of a World Trade Organisation, enshrined in the 1994 Marrakech accords and dedicated to promoting and further liberalising global free-trade, is a contentious one for the Greens/EFA Group, because the objectives and implementation of unfettered corporate globalisation run counter to our aim of working towards a world that is socially just and environmentally sustainable. It also conflicts with our belief that decisions to achieve these goals should be taken at local or regional level wherever possible and that economic activity is best carried out closest to the population it serves. The ability of communities, whether local, regional or national, to protect their social and ecological values and their culture systems is thus threatened by a "one-world" trade system.

The Global Green Conference, in Canberra, Australia April 2001, adopted a Charter which commits the international Green movement to support "the abolition of the WTO unless it is reformed to make sustainability its central goal, supported by transparent and democratic processes and the participation of representatives from affected communities."

At present, few political leaders question the idea that the purpose of a national economy is first and foremost to be internationally competitive within a global market. Achieving this goal is supposed to provide the levels of economic growth that will then make social and environmental improvements possible. The fact that this has never worked for the majority of poor people is ignored by policy makers

and business leaders. Indeed, the insecurity inherent in today's globalised economy is adversely affecting even the more comfortable sections of society in industrialised countries and there is a growing body of critical public opinion which questions the objectives and impact of corporate globalisation. We believe that a more socially just and sustainable alternative would be a set of mutually reinforcing policies which have, as their goal, stronger and more diverse local economies, with high environmental, social and democratic standards - not just for Europe, but for all regions of the world.

We believe that the interests of the disadvantaged, whether in the 'rich' North or the 'poor' South, require a far greater degree of special protection than is accorded by the neo-liberal free-trade model represented by the WTO. The latest Report from the UN says "Concerted efforts by developing countries to become full participants in an increasingly interdependent global economy continue to be stymied by biases and asymmetries in the trading and financial system." (UNCTAD Trade and Development Report 2000). In other words the cards are stacked against developing countries--they lack the technical and administrative capacity (and perhaps don't have enough lawyers or corporate lobbyists) to make the system work to their advantage. Moreover, it is important to challenge the prevailing orthodoxy that trade liberalisation automatically results in the most efficient international allocation of resources promotes international allocative efficiency via comparative advantage and therefore increases economic welfare. Today's reality, however, is one of imperfect competition and under-development in many countries. These and other "distortions" limit the applicability of the liberal model to generate economic welfare for the majority, simply as a result of the "opening up" of markets. Other, more balanced, solutions urgently need to be found.

A further fundamental fault line in the WTO process is the complete lack of popular democratic legitimacy for its treaties or parliamentary scrutiny of its actions. As an example, the European Parliament is effectively excluded from the European Union (EU) decision-making process in international trade relations, serving only a decorative role in the institutional framework. There is no provision in any of the WTO Agreements envisaging the creation of any parliamentary scrutiny or control of its activities.

The global financial architecture developed since the Bretton Woods institutions were created in 1944 has consistently placed a pre-eminent emphasis on economic values. The WTO extends this bias to global trade values. Social, public health, labour and environmental concerns, and the need for poverty reduction and debt eradication, although belatedly acknowledged, are treated as optional extras that can somehow be bolted on to the existing, non-transparent and non-democratic, structures.

Speaking in 1995 of the creation of the WTO , the then Director-General Renato Ruggiero said "We are writing the constitution of a single global economy ". What he did not say was that this "constitution" was designed to create a comprehensive trade promotion and liberalisation regime without the checks and balances, separation of executive and judicial powers, democratic and legislative accountability, protection of minorities and other essential guarantees which are indispensable elements of a modern constitution. If that constitution is intended to serve 140 or more sovereign member states, the institutional architecture needs to be constructed with a degree of care and sensitivity which is manifestly lacking from the WTO.

Although the World Trade Organisation is perhaps the most visible vehicle of multilateral trade globalisation, it is not the only [and, some would argue, not even the most important] one. The European Union itself, by origin a 'common market', the North American Free Trade Agreement (NAFTA, comprising the US, Canada and Mexico), the recently agreed Free Trade Area of the Americas scheduled to come into force in 2005 (FTAA, comprising 34 out of the 35 countries of the American continent-excluding Cuba), and other existing or planned regional trade blocs are keystones in the global trade and power game and the WTO cannot be understood, reformed or even deconstructed in isolation from the actions of these major players.

In the meantime, especially since the 1990's, a parallel network of non-trade multilateral agreements,

under the auspices of the United Nations, is emerging. Two examples are the 1992 Convention on Biological Diversity (and its 2000 Cartegena Biosafety Protocol) and the 1992 Framework Convention on Climate Change (and its 1997 Kyoto Protocol). There is currently much talk of creating a "World Environment Organisation" at the Rio +10 World Summit on Sustainable Development in 2002.

The international challenge, however, is not just to agree more treaties or to create more global organisations but to determine how these non-trade treaties (multilateral environment agreements-MEAs) can be implemented in a way which effectively counter-balances the free-trade agenda exemplified by the WTO so that social, public health, labour and environmental concerns are given priority, and that such MEAs are not only fully enforceable but that the values which they seek to protect are built in to policy-making at every level of society and within each institution and are protected from challenge by the WTO system.

We therefore present a Ten Point Reform programme designed to re-direct the international trade system towards these strategic objectives.

The attached background Briefing Paper sets out in more detail our critique of the inequities of the global trading system, identifies an alternative set of values which should guide our collective efforts and explains the reforms which are urgently needed if we are truly to build a socially just and environmentally sustainable trading framework for the 21st Century.

This requires an agenda for action which encompasses an in-depth evaluation of the impact of previous global trade liberalisation measures, a major re-orientation of the objectives of such trade rules towards fairness, social justice and sustainability, the definition of the norms and values which should apply a priori to international commercial policy, a re-construction of the mechanisms which are to be used to achieve such results and a democratisation of the international institutions in the name of all the stakeholders. Central to this agenda is the self-evident need to place a moratorium on any new round of trade liberalisation measures until such time as these issues have been fully addressed.

Conclusions:- A Ten Point Reform Programme

The reasons for the Green Group's vote in 1994 against the establishment of the WTO are even more valid today. The politics of the WTO contradict the principles of our programme for a fair, ecological and social trade. Therefore we support the abolition of the WTO, as set out in the Global Greens Statement from Canberra. That is clearly a longer term strategy. In order to reduce the worst effects of the WTO in the short-term, we present the following proposals for WTO reform:-

1.No Comprehensive Round of new multilateral trade negotiations on issues such as foreign direct investment, government procurement, 'transparency' or biotechnology to be commenced in Qatar. The unfinished business of implementing the Uruguay Round commitments on market access, technical assistance and capacity building and the introduction of institutional reforms have all to be satisfactorily completed without linkage to further new liberalisation measures. Where there are ongoing negotiations and reviews, as in the cases of the agreements on Agriculture, Trade in Services, Intellectual Property, there should be no further liberalisation until and unless the strategic objectives of these agreements have been re-written.

2.Each existing WTO agreement must be independently reviewed to provide an in-depth evaluation of its economic, social and environmental impact to date and re-oriented to place true sustainable development, including poverty reduction, as its primary purpose. The necessity tests in the Technical Barriers to Trade and other Agreements (which can be used to overturn governmental non-trade restrictions if they are judged by the WTO to be more trade-restrictive than strictly necessary to fulfil a legitimate objective) need to be replaced by sustainability tests. Social and ecological justice should precede economic and trade

justification.

3.Public policy issues must be protected from attack by commercial trade agreements. In particular, areas such as health and safety, education, culture, energy, food and water security, social and public services, public transport, environmental and animal protection must not be subject to international free trade rules which over-ride non-trade policy objectives. Therefore priority must be given in international law to the application of multilateral Treaties and Agreements which protect social, labour, environmental and other non-trade issues, including any future agreement on the mandate and authority of a World Environment Organisation, so that international trade rules become subsidiary to them. 4.Fair Trade not Free Trade. Developing and least-developed countries, which make up a substantial majority of the WTO membership, must be given their rightful place in the trade network. They require continuing special and different treatment to take account of their relatively weak position in the international trading system. The concept of Fair Trade requires that trade rules should also recognise and respect fundamental human and workers' rights, including the rights of indigenous peoples. Local producers, particularly those who cultivate basic food commodities, should be guaranteed to receive an equitable price for their produce.

5.Meaningful democratic control of the WTO must be established. People must have the right to self-determination and the right to know and decide on international commercial commitments. Among other things, this requires that decision-making processes in negotiations and enforcement within international commercial bodies be democratic, transparent and inclusive (internal transparency) and that a genuine legislative scrutiny by elected representatives of member countries be established (external transparency). This means that the negotiating mandate for all trade deals should be explicitly set in advance by national or regional parliaments and that the results should be reported back to those bodies so that their conformity with the terms of the mandate can be judged.

The voice of civil society organisations and parliamentarians, as represented, for example, by the World Social Forum and the World Parliamentary Forum, must be heard.

6.Reform the Agricultural Priorities. Reform of the objectives of the Agriculture Agreement has to go hand-in-hand with reform of the EU's Common Agriculture Policy. They both need re-orientation away from the 'trade in quantity' approach towards a sustainable and integrated rural policy, emphasising the identity of local/regional food production and distribution and food/water security and sovereignty. It is extremely unlikely that this can be achieved in the WTO context and consideration should be given to transferring international responsibility for agricultural development to an independent forum, building on and developing the mandate and democratic structures of organisations such as the UN Food and Agriculture Organisation (FAO) in Rome.

7.Human Needs cannot be treated as mere Commodities. The patenting of life forms including microorganisms must be prohibited in all national and international regimes in order to protect biodiversity, food security and local peoples' rights and to restrain private corporate access to and control over genetic resources; Article 27.3b of TRIPs must be renegotiated to achieve this. The right for farmers to re-use saved seed free from patent or other contractual restrictions must be re-established. Biopiracy or theft of traditional knowledge must be made legally actionable. The Trade-Related Intellectual Property Agreement (TRIPs) has also to be re-negotiated to allow governments to limit or deny patent protection on life-saving medicines in order to protect public health and safety.

8.The Disputes Settlement Mechanism needs to be removed from the auspices of the WTO and transferred to an independent or UN-supervised body, to avoid the WTO acting as both judge and jury in trade disputes. Respect for the principles of sustainable development must be at the forefront of all dispute settlements.

9.Reform the Economic and Trade Ethos. The International Monetary Fund, the World Bank and the

regional development banks must convert the debts owed to them by poor countries into regional investment programmes for sustainable development. The use of structural adjustment programmes to force trade liberalisation on developing and emerging countries must be stopped. The emphasis thus needs to be moved away from considerations of pure competitiveness between nations, towards re-building local and regional economies across the world. Governments must negotiate, through the UN system and with full democratic participation, a binding and enforceable agreement to ensure that corporate conduct is socially and environmentally responsible and democratically accountable.

10.A moratorium is needed on further Plurilateral, Regional and Bilateral Trade Deals. Each of the dominant developed countries is now engaged in a race to tie up trade deals with a range of 'partners' (including non-WTO members) on all those trade issues which either remain outside the WTO agreements or where the agreements are regarded as too commercially weak, as in the case of the proposed FTAA rules on foreign direct investment or the EU's policy of imposing stronger intellectual property clauses on weaker trading partners.

(1) Internal European Commission analysis paper MD: 509/03 28 October 2003.

Adopted by the Greens/EFA Group in the European Parliament on 27 June 2001. ***Revised version December 2003***

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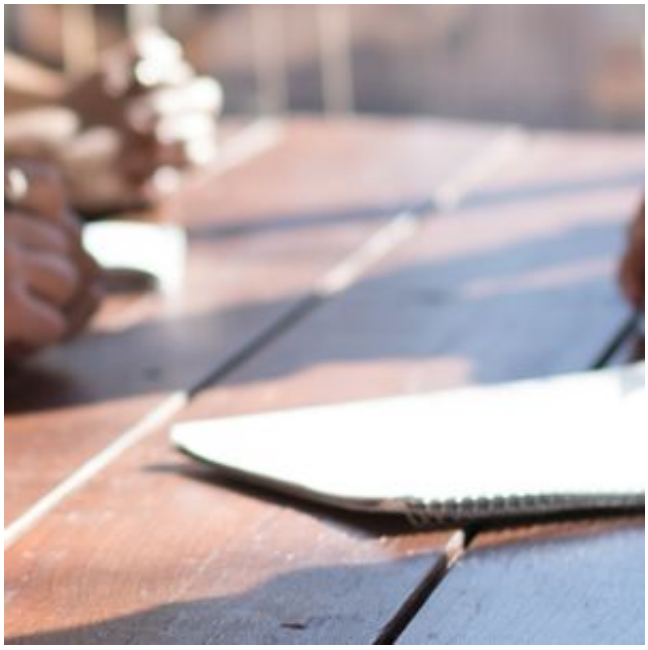

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