

# Sustainable Wellington Net Editorial - 24 Nov 1999

## Who is the WTO?

There will be a [World Trade Organisation \(WTO\)](#) ministerial meeting in Seattle from the 30th of November to the 3rd of December.

Unlike what some New Zealand politicians such as Mike Moore and Lockwood Smith would have us believe, the deliberations of the WTO are not just about world trade. The ramifications of decisions that are made at this meeting will effect the lives of people all around the world, particularly those in small vulnerable economies like New Zealand. Again, unlike what Mr Moore and Mr Smith would like us to believe, the effects are not likely to be good.

The World Trade Organisation and the model of the Globalisation of trade which it embodies is, at a very fundamental level, incompatible with any meaningful concept of Sustainable Development.

In its present form the World Trade Organisation:

- Encourages unsustainable resource use
- Encourages economic inequity
- Discourages the protection of the environment

As our Editorial this month we are publishing a group of articles on the WTO:

1. [A reprint of the excellent article \*Trading away the environment? the WTO Seattle summit from ECOLink\*](#)
2. [An issue of \*Rachel's Environment & Health Weekly\* on "The WTO and Free Trade"](#)
3. [Mr Pascal Lamy's Speech from the Friends Of the Earth International](#)

These articles are crucial to the question of whether we can achieve a future that is ecologically and environmentally sustainable.

## Trading away the Environment? The WTO Seattle Summit

References in New Zealand to the upcoming World Trade Organisation Ministerial meeting in Seattle, 27 November to 3 December 1999 have concentrated almost exclusively on how discussions will benefit our export trade. The relationship between the environment and trade, and other critical issues have not rated a mention.

Overseas there is mounting opposition to the trade liberalisation agenda of the World Trade Organisation (WTO) based on the negative social and environmental impacts of free trade. Worker safety, labour rights, fair distribution of wealth and environmental protection are all seen as being undermined by the WTO.

To draw attention to these issues demonstrators from a wide range of groups around the globe are converging on Seattle in their tens of thousands. As Chris Runyan of the World Watch Institute recently said: The biggest story in Seattle may not be the WTO and its trade negotiations, but the influence that citizen protests around the world, coordinated by thousands of NGOs, exercise over one of the most powerful yet least accountable transnational organizations.

There have been a number of rulings in the WTOs dispute resolution process which are indicative of how trade overrides environmental legislation (see [Box 1](#)). In all cases the decisions made are bad for the environment. A similar story can be told in relations to the concerns of labour movements and developing countries.

The WTO was described in a recent *Ecologist* article as an international bill of rights for multinational corporations. In essence, the agreement limits

### Box 1

The following examples from [A Citizens Guide to the World Trade Organisation](#), published by the Public Citizen Working Group on the WTO/MAI (July 1999), illustrate the anti-environmental bias of the WTO.

**Case 1 - US Clean Air Act:** On behalf of its oil industry, Venezuela challenged a U.S. Clean Air Act regulation that required gas refiners to produce cleaner gas

governmental law-making and regulatory authority giving corporations freedom to conduct their business virtually unhindered. The ability of sovereign nations to undertake their political and social agenda is increasingly threatened.

A key issue is the undemocratic way the WTO works. The lack of transparency and accountability is epitomised in the WTO Dispute Settlement Process. Challenges to laws and regulations considered to violate WTO rules are heard in secret by a three person panel. Should a country not amend the law or policy in question or pay compensation then it can face non-negotiated trade sanctions.

At the Seattle meeting WTO members will elaborate the built-in agenda of negotiations on agriculture and services (GATS), and consider adding further issues such as industrial tariffs and investment. Members will also be negotiating whether and how to address issues like trade and environment, and what to do with recommendations and proposals stemming from existing and future WTO review processes, such as that on the dispute settlement mechanism.

Even the WTO is beginning to recognise the negative impacts of trade. In a report on environment and trade published in October, the WTO admitted that there is a need for international safeguards on the environment because market sources cannot be entrusted to solve all problems themselves. It also concluded that "Environmental measures are sometimes defeated because of concerns about competitiveness, suggesting a need for improved international cooperation on environmental issues."

Despite acknowledgment of these concerns the WTO's Committee on Trade and Environment (CTE), charged with integrating the environment within trade, is criticised for being ineffective. WWF reviewed the Committee's effectiveness and concluded that it is not serious about the environment. Among criticisms were: generation of policy is slow and partial; the CTE is trying to go it alone on key trade and environment issues - assuming or implying that the WTO is the ultimate arbiter on this policy interface; and trade liberalization is seen as the only means to pursue sustainable development, failing to acknowledge that effective environmental policies are necessary too.

WWF is calling for comprehensive reform of the WTO, so that it becomes a fair, environmentally friendly and publicly credible international organisation. WWF believes that unless the following broad changes are achieved, the world will not have the rules-based multilateral trading system needed to create a sustainable world economy

There are three key areas where change is sought.

- protection of the ability of nations to set environmental laws and regulations: currently environmental laws can be challenged as being Technical Barriers to Trade (TBT) therefore countries can be forced to modify these. The TBT is not based on the precautionary approach. In addition, there is a difficulty for countries setting higher standards than international norms.
- ensuring international environment agreements are not over-ridden by trade: according to the WWF the Convention on Biological Diversity, Basel Convention on Hazardous Wastes, the Persistent Organic Pollutants Agreement and Biosecurity Protocol provisions on trade in Genetically Engineered Organisms are all considered to be under threat. It is important that members of Multilateral Environmental Agreements (MEAs) can use non-protectionist trade restrictions to make those agreements effective
- openness and democracy with WTO processes must be enhanced. This could include the following measures: pre-circulation of documents, including agendas and papers; legal aid; observer status for nations and NGOs affected by disputes, with a right to self-defence.

Some other areas signalled for change by WWF include: increasing benefits to poorest countries and communities from trade and the associated exploitation of

[petrol]. The rule used the 1990 actual performance data of oil refineries required to file with EPA (mostly U.S. refineries) as the starting point for required improvements for refineries without reliable data (mostly foreign). Venezuela claimed this rule was biased against foreign refiners and took the case to the WTO.

**Result:** A WTO panel ruled against the U.S. law. In 1997, the EPA changed the clean air rules to give foreign refiners the choice of using an individual baseline (starting point). The EPA acknowledged that the change creates a potential for adverse environmental impact.

**Implication:** Refiners from Venezuela and other countries will use the individual baseline option only if it gives them a weaker starting point, and thus lets them sell dirtier gasoline [petrol] in the U.S., which would deteriorate air quality. The WTO gives businesses a special avenue to challenge policies, like the Clean Air rules, which have withstood domestic challenges.

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**Case 2 - European Union Beef Ban:** The U.S. challenged a European Union ban on the sale of beef from cattle that have been raised with certain artificial growth hormones.

**Result:** In 1998, a WTO appellate panel ruled against the EU law, giving the EU until May 13, 1999 to open its markets to hormone-treated beef.

natural resources and ensuring that all relevant WTO agreements make explicit reference to the need for appropriate national policies and measures to stand alongside trade rules so that liberalisation supports the objective of sustainable development. Reducing harmful subsidies, such as those received by fishing, agricultural and energy industries, is one possible outcome of trade talks (see [Box 2](#)).

One commentator suggests there are reasons to be optimistic. Steven Shrybaum of West Coast Environmental Law and author on WTO suggests that the goals of reducing pesticide use, species protection, creating parks and controlling pollution are important - but we need now to move beyond the symptoms to tackle the root causes of these problems. The challenge presented by this broader agenda is immense. Some are arguing that another WTO round not be embarked on until there is a guarantee these fundamental issues will be addressed.

A critical step of any future trade liberalisation negotiations is that any proposed agreement be subjected to an assessment of the potential social and environmental consequences. This could occur at both a national and international level. This is something that New Zealand NGOs sought with earlier rounds of trade talks. The argument put was that no agreement should be entered into which weakens ability to protect the environment, or if its impact is unknown.

ECO, and other Vote for the Environment members, are asking political parties to give high priority to greening the WTO. Key policies proposed include a call to:

1. ensure environmental protection is the over-riding constraint on trade regulation and is incorporated into the World Trade Organisation (WTO) trade rules and the work of its environment sub-committee.
2. ensure environmental conventions or domestic environmental regimes cannot be over-ridden by the WTO or other trade agreements.

Another policy proposal promotes the separation of the Ministry of Foreign Affairs and Trade into the Ministry of Foreign Affairs and a new Trade entity so as to reduce the trade dominance of NZs foreign affairs.

We've got a long way to go before these policies are adopted so work needs to be done to raise awareness of environmental concerns. It is important there is a vigorous debate on any position the New Zealand government takes. Focusing on our export prospects to the exclusion of the social and environment consequences of trade is not adequate.

## Resources

Following is a summary of useful resources to help understand what (is likely) will happen at the WTO in Seattle.

<http://www.citizen.org/pctrade/tradhome.html>

US consumer NGO trade pages, interests include corporate globalization and the erosion of democracy. Included on this site [A Citizens Guide to the World Trade Organisation](#) (PDF file), a straightforward booklet on the WTO.

<http://www.corpwatch.org/feature/index.html>

Coverage of the various trade and investment accords which serve as the global political infrastructure for corporate rule, including the WTO. CorporateWatch are organising radio coverage of the WTO meeting in Seattle, which will be available online.

### *The Ecologist*

A long-time critic of global corporate agenda, *The Ecologist* printed a story

**Implication:** The ban on artificial hormones applies equally to European farmers and foreign producers. If European consumers and governments are opposed to the use of artificial hormones and are concerned about potential health risks or want to promote more natural farming methods, they should have the right to enact laws that support their choices. Instead, the WTO empowers its tribunals to second-guess whether health and environmental rules have a valid scientific basis.

### **Case 3 - Turtle Protection in the US:**

Four Asian nations challenged provisions of the U.S. Endangered Species Act forbidding the sale in the U.S. of shrimp caught in ways that kill endangered sea turtles.

**Result:** In 1998, a WTO appellate panel decided that while the U.S. is allowed to protect turtles, the specific way the U.S. tried to do so was not allowed under WTO rules. The U.S. government is now considering ways to change the law to comply with WTO.

**Implication:** It is possible to catch shrimp without harming turtles by fitting shrimp nets with inexpensive turtle excluder devices. U.S. law requires domestic and foreign shrimp fishermen to use turtle-safe methods. The goal of saving turtles could be undercut by the WTOs second-guessing of how U.S. policy should be implemented,

in its July 1999 issue (Vol 29, pages 270-75) by Steve Shrybman (see [WCEL below](#)) outlining the threats of the WTO.

<http://www.igc.org/ciel/>

The Centre for International Environmental Law US (CIELUS) has prepared a number of reports on trade law. In 1998 CIEL produced a joint report with Greenpeace on Fisheries conservation and trade rules. Some reports on CIELs work on trade and the environment are available online.

<http://www.oneworld.net/campaigns/wto/index.html>

Comprehensive source of news and backgrounds on the WTO from a range of environmental and development NGOs.

<http://www.panda.org/resources/publications/sustainability/wto-papers/>

WWF have been extremely critical of the WTO and propose significant reforms of the world trade body. Resources on the WTO, including an analysis of the its Committee on Trade and Environment, and suggestions for a process to assess social and environmental impacts before reaching agreement.

<http://www.wcel.org/trade/welcome.html>

Two guides on the relationship between trade and the environment have been published by the West Coast Environmental Law, a non profit organization in British Columbia, [Canada: The World Trade Organisation: An Environmental Introduction](#) (4 pages, PDF) and [The World Trade Organisation: A Guide for Environmentalists](#) (82 pages, PDF file).

<http://www.worldwatch.org/>

In [November/December 1999 World Watch](#) magazine is an excellent summary on the WTO and role of NGOs by Hilary French called *Challenging the WTO* (PDF file). This article shows how the WTO undermines the environmental laws of sovereign nations. This, and other material, is available in a printed form.

given the most inexpensive, effective means has been ruled WTO-illegal.

## Box 2

Hilary French, writing in the [November/December 1999 World Watch](#) magazine discusses subsidies promoted by the current trade system. She uses the following example:

The United States and six other nations have suggested building on this tradition by making the elimination of fishing subsidies an objective for the upcoming round of trade talks. These subsidies, which add up to some \$1420 billion annually, help propel overcapacity in the worlds fishing fleet, which is itself a powerful driving force behind todays depleted fisheries.

## [Rachel's Environment & Health Weekly #673: The WTO and Free Trade](#)

What is being described as "the Protest of the Century" will take place in Seattle, Washington, November 29 to December 3 amid teach-ins, workshops, and strategy sessions all aiming to send a powerful message to members of the World Trade Organization (WTO), who will be in Seattle for the WTO's Third Ministerial Meeting. Activists are calling for people from all nations and all walks of life to make the journey to Seattle, to demand that the WTO change its ways. But what is the WTO?

Although many environmental and community activists in the U.S. know almost nothing about the WTO, in the 4 years since its creation the WTO has emerged as the policy voice, the muscle, and ultimately the fist of transnational corporations. Created by international treaty in 1995, and now boasting 134 nations as members, the WTO has written 700 pages of rules which add up to an enforceable commercial code governing markets and trade world-wide - a code enforceable not by nation-states but by the WTO itself. No doubt about it, the WTO is a powerful new system of global governance.<sup>1</sup>

The structure of the WTO was designed by transnational corporations, so it should come as no surprise that the WTO is (a) radically undemocratic, fully insulated against pressure from ordinary citizens; and (b) a vehicle for transnationals to challenge and effectively repeal restrictions imposed on them by nation-states.<sup>1</sup> The main idea that the WTO was set up to define and enforce is "the global free market" or "global free trade." But what is "free trade"?

Far back in the mists of time, when humans began trading shells and beads with each other, the first markets emerged, but such traditional markets were never free. All

The WTO was designed by trans-national corporations

traditional markets are embedded in societies and are regulated and restrained by those societies for the purpose of maintaining social cohesion. Familiar societal controls on markets include such things as:

- the Roman Catholic and Islamic religions' prohibitions against usury;
- medieval guilds, which set minimum wages, and which set standards and prices for goods;
- customary prohibitions or restrictions on the sale of certain goods, such as public spaces, sexual favors, spoiled food, and judicial decisions, for example;
- laws requiring government purchasing policies to give preference to businesses run by people of a particular city or region, or by women or minorities, or by some other identifiable group;
- regulations requiring that products be labeled with their ingredients or with their method of production (such as "organically grown"), and that the labels be certifiably true;
- laws discouraging monopolies, to promote competition;
- a guaranteed minimum income, regardless of employment, traceable to 1795 in England;
- laws requiring that production methods should protect endangered species (for example, that shrimp be harvested by methods that do not kill rare sea turtles);
- prohibitions against child labor;
- government ownership of certain public-service enterprises (municipal and state hospitals in the U.S., or the oil industry in Mexico, for example);
- limits on the length of a work day;
- restrictions on 100% ownership of businesses by foreign nationals;
- tariffs intended to increase the price of imported goods as a way of protecting domestic producers;
- government subsidies to promote particular industries - for example, planting many thousands of seedlings to assure a domestic timber industry in the future;
- Etc., etc.

As anyone can see from this list, market restrictions can be imposed by law, or merely by custom, with varying effects on different members of a society. It is not possible to generalize that all controls on markets are good or bad (though some free trade zealots do assert that all market restrictions are unnatural and evil).

In sum, history shows us, beyond any doubt, that, when humans develop markets spontaneously, such markets are subject to societal controls, which generally are aimed at maintaining social cohesion. Governments impose market restrictions as part of their primary duty, which is to provide security for the citizenry.

Free markets - markets that are free of restrictions, regulations, and encumbrances - do not occur spontaneously. Free markets only appear when they are engineered by the relentless application of state power. As a historical fact, free market regimes are extremely rare.

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For a very brief period, and in one country only, a free market, or laissez faire, regime did emerge. In the latter half of the 19th century in England, a true free market economy functioned for a brief time. It did not occur spontaneously - it was imposed by the brute power of the state, and at great cost to the average citizen of the time.<sup>2</sup> (Charles Dickens wrote novels about life during this period.) The British "free market" experiment collapsed into the trenches of World War I and was not heard from again until the ruling (business) class revived the idea in the late 1970s in Great Britain, the U.S., Australia, and New Zealand. Thus, actual experience with free market regimes is quite limited, principally because such regimes are very difficult to establish and maintain in the face of popular opposition. If a democracy is alive and well, free markets soon revert to traditional regulated markets because citizens demand and expect a modicum of security, equity, and humane treatment. Free market regimes are arguably efficient (in the narrowest economic meaning of that word) but the historical record demonstrates that they are exceedingly painful and costly for ordinary working people, incompatible with democratic institutions, and destructive of the natural environment. History shows that, left unregulated, markets cannot take into account that species are disappearing at

unprecedented rates, economic inequalities are growing ominously, and the lives of families and communities are in tatters.

Now transnational corporations - working through the governments that they dominate<sup>3</sup> - have spent roughly 20 years exporting the "free market" model to all the nations of the world - a utopian experiment in social engineering that takes your breath away for its scope, scale, and boldness. Even the most ruthless social engineers of the 20th century - Josef Stalin and Mao Zedong - did not attempt social engineering projects on the scale of the experiment that the free traders have undertaken today. And the World Trade Organization (WTO) is the vehicle for enforcing this colossal attempt to remake all of the world's economies according to a single utopian idea.

In principle, WTO rules are established by consensus of all 134 members, but in practice the so-called QUAD countries (U.S., Japan, Canada and the European Union) can meet behind closed doors and influence the rules. Within the WTO, the QUAD countries are the 900-pound gorilla. Within the QUAD countries, transnational corporations wield enormous influence, comparable to the influence of the Christian Church in medieval Europe.<sup>3</sup>

The WTO allows countries to challenge each other's laws and regulations as violations of WTO rules. Cases are heard and decided by a tribunal of three trade bureaucrats, usually corporate lawyers. There are no rules on conflict of interest, nor is there any requirement that the three judges have any appreciation of the domestic laws of the countries involved. The judges meet in secret at locations and times that are not disclosed. Documents, hearings, and briefs are confidential. Only national governments are allowed to participate, even if a state law is being challenged. There are no appeals to anyone outside the WTO. Once a WTO ruling has been issued, losing countries face 3 options: They can (1) amend their laws to comply with WTO rules; (2) pay annual compensation to the winning country; or (3) face non-negotiated trade sanctions (penalties imposed on goods that the losing country exports to other WTO countries).

No rules on conflict of interest... Documents, hearings, and briefs are confidential

In its short history, the WTO has already begun to repeal environmental regulations and policies that took citizens 30 years to enact. For example, the WTO ruled in 1998 that the precautionary principle (see [REHW #586](#)) is not a valid basis for restricting markets because it is "non-scientific." When the European Union banned the sale of hormone-treated meat within EU countries, the U.S. lodged a formal complaint to the WTO. Despite a lengthy report by independent scientists showing that some hormones added to U.S. meat are "complete carcinogens" - capable of causing cancer by themselves - (see [REHW #666](#)) the WTO's 3-lawyer tribunal ruled that the EU did not have a "valid" scientific case for refusing to allow the import of U.S. beef. The losing countries are now required to pay the U.S. \$150 million each year as compensation for lost profits.

The WTO grew out of an earlier organization called the GATT (General Agreement on Tariffs and Trade). The GATT mainly focused on repealing tariffs, which are taxes on imported goods intended to protect domestic producers against foreign competition. But when the GATT merged into the WTO, the WTO gained the new responsibility of opposing "non-tariff barriers to trade." Non-tariff barriers to trade include such things as food safety laws, product standards, rules on the use of tax dollars, and investment policies.

Example: WTO has ruled that a nation cannot refuse to import goods based on the methods by which those goods were produced because such refusal constitutes an illegal "non-tariff barrier to trade." Thus the WTO in 1998 declared illegal a U.S. environmental regulation requiring that imported shrimp must be caught by methods that minimize harm to endangered sea turtles. In 1997, the WTO overturned part of the U.S. Clean Air Act, which prevented the import of low-quality gasoline with a high potential for air pollution. U.S. Environmental Protection Agency has acknowledged that this WTO ruling "creates the potential for adverse environmental impact." Thus at the behest of transnational corporations the WTO can - and will - repeal any nation's environmental protections.

The WTO overturned part of the U.S. Clean Air Act

Now the WTO is meeting in Seattle Nov. 29-Dec. 3 to initiate a new round of talks, the Millennium Round. In this new phase, the corporations that support the WTO intend to expand the WTO's power and reach even further.

Activists are demanding that the WTO be opened up to scrutiny and that its record of performance be formally evaluated before any new talks begin. They see the WTO as threatening democracy, quality of life, environmental integrity, environmental justice, and every nation's control of its own destiny. Clearly, a titanic clash has begun. For information about attending the Seattle protest, phone 1-877-STOP WTO. More [next week](#).

## References

1

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David Korten, *When Corporations Rule The World* (West Hartford, Connecticut and San Francisco: Kumarian Press and Berrett-Koehler Press, 1995). ISBN 1-887208-00-3. And see Charles Derber, *Corporation Nation* (New York: St. Martin's Press, 1998). ISBN 0-312-19288-6.

## Mr Pascal Lamy's Speech from the Friends Of the Earth International

Mr. Pascal Lamy, the European Commissioner for Trade, addressed the European Parliament in Strasbourg on 6th October 1999 about his approach towards launching a new "Millennium" round of trade negotiations at the forthcoming Seattle WTO Ministerial 30th November-3rd December 1999.

Because of the political interest that the speech produced, we have decided to reproduce the text exceptionally in full for you. For more information about the EU and the new round, please refer to our website, noting that the address has now changed to:

[http://europa.eu.int/comm/trade/index\\_en.htm](http://europa.eu.int/comm/trade/index_en.htm)

Ladies and Gentlemen, Honourable Members,

Those of you who called for today's debate on the Seattle Conference were not, as I understand it, seeking a round of statements on technical points but a political presentation. I think this is the right approach. Public opinion understands well that the next stage of trade liberalisation is part of a wider process of change which raises certain questions and requires us to decide where we stand.

To put the fundamental question: is globalisation a good thing or a bad thing?

The Commission believes it is a good thing, for three reasons: In the first place, global markets allow the economies of scale that provide a platform for the industrial revolutions under way in information technology, biotechnology and transport. These are the technologies that, by revolutionising our concept of sustainable resource use, will enable us with our limited endowment of natural resources to afford both population growth and economic growth.

Secondly, it was access to our markets and liberalisation of direct investment which underpinned the success of industrialisation in South-East Asia, thereby opening up new, expanding markets for our own exporters in turn and demonstrating that there is a way out of underdevelopment. Moreover, the successes scored by both the industrialised countries and the emerging Asian economies as a result of liberalisation undermined confidence in Communist regimes and were thus instrumental in bringing about their radical change in Europe and Asia alike.

And finally, globalisation matches the perceptions of today's information-rich, footloose younger generation, prospective citizens of the 21st century global village for whom interdependence and solidarity go hand in hand with respect for diversity and a thirst for new experience.

But I am not going to pretend that globalisation is the key to a brave new world. I am as aware as any of you of the risks that stem from unfettered free trade, unmediated by strong multilateral institutions. I can see inequality gaining ground to the point of social exclusion at home in Europe, and I can see the gap between continents widening. I can see the instability of financial markets, the threat to the environment on a local and planetary scale.

However, while we have a duty to give expression to the fears, doubts and hopes of our

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fellow-Europeans, we must remember what is at stake internationally for the developing countries, poised as they are between the prize of integration into the world economy and the threat of marginalisation. We also have a duty to separate millennial angst and resistance to change from the opportunities globalisation offers us for economic growth, human development and environmental protection.

The new trade round will lay the foundations for the operation of international markets in the 21st century. Our hope is that we can strike a better balance between efficiency and fairness, growth and environmental concerns.

You are aware of the thinking behind the Commission's proposals to the Council and Parliament envisaging a comprehensive agenda and a tight timetable for Seattle. As a relative newcomer, I must nevertheless say that I also endorse the strategy of seeking to liberalise trade in the context of a new Round rather a routine slog in the WTO, again for three reasons:

1. The piecemeal approach is ineffective. Real progress means package deals and a single undertaking, though individual agreements on topics ripe for agreement might be secured relatively early.
2. The WTO needs to widen its remit to embrace societal concerns such as the environment, culture, health and food, as well as competition and investment, which can no longer be taken in isolation from trade.
3. The world economy needs a guiding hand after the financial crises that have hit the emerging and transitional economies on the last two years. A new trade round is the best way of forestalling a wave of protectionism.

If I may just briefly enlarge on those points:

1) Our position is of course dictated in the first place by a concern to prevent the EU becoming locked into sectoral negotiations simply based on the Uruguay Round's "built-in agenda" focusing entirely on agriculture and services. Our strategy is to seek balance by opening up the negotiations to all sectors; this should accommodate our full range of interests, offensive and defensive, and encourage our interlocutors, particularly in the developing countries, to adopt a similar approach. As far as agriculture is concerned, the guidelines laid down by the Berlin European Council on Agenda 2000 give us a solid foundation for further liberalisation while remaining faithful to the European model.

2) Our next concern is to adopt new rules for the WTO and consolidate the organisation so as to put it on a sounder multilateral footing, make globalisation a more effective force for sustainable development and ensure that unregulated competition between different degrees of national protection is not allowed to jeopardise health or the environment.

I am thinking above all about rules on investment and competition.

Various other countries, for widely differing reasons, have misgivings about these two issues while in the wake of the MAI a number of developing countries have reservations of their own and some European NGOs are either dubious or downright hostile. I should like to say a little more about these two issues.

In the wake of the MAI a number of developing countries have reservations

On investment, let me make it quite plain that we are not seeking to impose on the developing countries investment codes that we have developed for our own ends and to suit our own circumstances. We hope rather to use the opportunity offered by the negotiations to persuade those countries that the best way for them to attract foreign direct investment (and thereby gain access to technology and international markets) is to create a secure, predictable framework for foreign investors, whether from industrialised countries or from other emerging economies.

Competition is posing new challenges for all of us, as a result of globalisation, the concentration of economic power and the extra-territorial impact of competition policy decisions taken at the national level. For the developing countries, however, the threat is even more formidable.

In regard to competition these countries are in a double bind.

Monopolies or oligopolies often have a stranglehold on their domestic markets, forcing local consumers, particularly the poor, to pay over the odds and keeping possible newcomers confined to the informal sector. I think we tend to underestimate the extent to which restrictions on access to markets, credit and power supplies are responsible for underdevelopment, perpetuating inequality and fuelling corruption.

Our aim in getting competition onto the agenda of the WTO is not to turn the organisation into a global competition authority but to lay down a body of rules and procedures which promote the competition policies and ensure compatibility between them.

3) I would like to move on now to three other issues - the environment, consumer health and the audiovisual sector - which, over and above the inevitable tensions between technology and cultural traditions, reflect quite specific traits of European civilisation: the insistence on high quality foodstuffs, cultural identity in a world without barriers, and a reluctance to see some activities reduced to a commercial footing.

Clearly one problem here is a shortage of rules and procedures, not least at home. The EU is committed to introducing policies on environmental protection, health and food safety. Romano Prodi promised you yesterday that the Commission would carry out a root and branch reform of food legislation by 2002. The new round offers us an opportunity to extend the frontiers of ecology to encompass our trade with the rest of the world.

These are complex issues, involving science (and the element of uncertainty that that entails), national laws and WTO procedures.

The problems at the interface between domestic law, WTO rules and the rules laid down in other multilateral environmental and health agreements are familiar. Our concern in the forthcoming round must be to ensure that these loopholes and inconsistencies are not exploited for protectionist purposes and that the task of arbitration between competing national rules is not simply left up to the market.

The precautionary principle must give us a safety valve where science provides no clear answer. Better rules on product labelling and tracing - the two go hand in hand - can help consumers form their own judgment.

The precautionary principle must give us a safety valve where science provides no clear answer

On the cultural side the European public also wants to see more support forthcoming for creativity in the audiovisual sector and the EU has a duty to address this concern.

4) I come now to the most controversial topic for public opinion and governments alike - the link between trade liberalisation and improved protection of core labour standards. The EU firmly believes these two goals are not merely compatible but in our experience go together; the return to free trade since the post-war period has seen social conditions transformed in Europe thanks to productivity increases and collective bargaining.

Our aim in addressing this issue, therefore, is absolutely not to try and regulate wages or whittle away the developing countries' comparative advantages. We are very much aware that any unilateral imposition of core labour standards could open the way to galloping protectionism.

In any case, we have no desire to see the WTO become the forum where such regulations are framed; that is the task of the ILO.

Our concern is simply to see that further liberalisation of trade in the interests of growth and development is matched by respect on the part of our trading partners for the fundamental social standards defined by the Copenhagen Social Summit in 1995.

In Seattle we must try and persuade the developing countries that this is politically legitimate and that is in their own development interests to raise social standards.

I have spoken quite a bit about the developing countries, partly because sustainable development is the chief aim of the Millennium Round (which puts the focus squarely on those countries and how they can be genuinely integrated into the world economy); and partly because in order to secure our own negotiating objectives we need consensus from all our partners, and that of course includes the developing countries. The Millennium Round agenda offers many opportunities to address their needs and concerns, from market access to special and differential treatment, from trade facilitation to investment and competition.

But it is clear that the forthcoming round forms part of a broader agenda of international governance. The links between the WTO, as the new pillar of the international economic system, and the established Bretton Woods pillars - the IMF and World Bank - need to be made stronger and clearer.

Honourable Members,

This debate on the new trade round confronts us with a fundamental question. Does action by the EU as such offer added value, can it give the governments and people of Europe extra leverage in controlling and coming to terms with, and harnessing, globalisation? Has it the determination to use its sheer size, its international

economic clout and institutional advantage to regain the sovereignty that the markets are currently wresting from nation states, and to make a contribution to effective global governance?

If the answer we get from the Council and Parliament is "yes", our negotiating position will be greatly strengthened. With that backing we can use the courage of our convictions to overcome our misgivings and find a way forward which resonates with the public.

I hope this house will be called on to approve the results of the new round. If so, that implies a great deal of work for all of us and an ongoing dialogue with Parliament over the months and years ahead. On behalf of the Commission, I am committed to that process.

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The WTO is basically the first constitution based on the rules of trade and the rules of commerce. Every other constitution has been based on the sovereignty of people and countries. Every constitution has protected life above profits. But [the] WTO protects profits above the right to life of humans and other species -- Vandana Shiva