

THE COUNCIL OF CANADIANS' POSITION PAPER ON THE WORLD TRADE ORGANIZATION
November, 1999

Summary

The World Trade Organization (WTO), the most powerful international institution in the world, will be launching a new round of negotiations when its 135 member countries gather in Seattle in early December. The Council of Canadians has grave concerns about this new round and the Canadian government's position going into it.

The WTO has the power to reach into national government jurisdictions and challenge the laws, policies and programmes that interfere with trade. The WTO has the power to confer punitive trade sanctions on governments found to be in breach of WTO trade rules. These powers are both legislative and judicial and trample on the rights and freedoms of democratic societies. The only rationale for the WTO's actions is corporate-led free trade.

The method for deciding trade disputes is the Dispute Settlement Mechanism (DSM), which meets in secret, with no input from civil society. All disputes that have come before the DSM since 1995 have found in favour of transnational corporations and against public health, human rights and the environment.

Civil society groups from around the world are calling on WTO member governments to stop further negotiations, evaluate the impact that the WTO has had so far on the global environment, and reassess the utility of the WTO before proceeding with future negotiations.

This paper outlines our concerns in several key areas and states our minimum demands of the Canadian government.

Introduction

The World Trade Organization is the most powerful international institution in the world today. In early December, representatives from its 135 member countries will gather in Seattle to launch an expected Millennium Round of negotiations. The Council of Canadians has grave concerns about this new round and the Canadian government's position going into it.

The WTO was established in 1995 at the conclusion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The WTO enforces several sets of trade rules: the GATT, whose mandate is to eliminate all remaining tariff and non-tariff barriers to the movement of capital and goods across nation-state borders; the General Agreement on Trade in Services (GATS), mandated to do the same in the area of services; Trade Related Intellectual Property Measures (TRIPS), which sets enforceable global rules on patents, copyrights and trademark; Trade Related Investment Measures (TRIMS) which dictates what governments can and cannot do in regulating foreign investment; the Sanitary and Phytosanitary Standards Agreement (SPS), which sets constraints on government policies relating to food safety and animal and plant health; the Financial Services Agreement (FSA), established to remove obstacles to the free movement of financial services corporations, including banks and insurance companies; the Agreement on Agriculture, which sets rules on the international food trade and restricts domestic agriculture policy; and several others dealing with information technology and telecommunications.

The Council of Canadians has profound concerns about the WTO. Unlike any other global institution, it has both the legislative and judicial authority to challenge laws, policies, and programs of countries that do not conform to WTO rules and strike them down if they are seen to be too "trade restrictive." Cases are decided - in secret - by a panel of three trade bureaucrats. Once a WTO ruling is made, world-wide conformity is required, a country is obligated to harmonize its laws or face the prospect of perpetual trade sanctions or fines.

The WTO, which contains no minimum standards to protect the environment, labour rights, social programs or cultural diversity, has already been used to strike down a number of key nation-state environmental, food safety, and human rights laws. It has, in fact, become the most powerful tool of transnational corporations who have worked hand in hand with the trade bureaucrats in Geneva and Washington (and Ottawa) to establish what is essentially a system of global corporate governance.

Proposals for Seattle include the return of some key elements of the Multilateral Agreement on Investment (MAI), which was defeated in 1998 at the Organization for Economic Cooperation and Development due, in large part, to world-wide civil society opposition. These proposals may take place either through direct new talks on investment or through negotiations for codes on government procurement and competition policy, and a subsidies code based on the principle of national treatment. This development is strongly opposed by The Council of Canadians and by civil society groups around the world.

To date, the WTO has served only big business interests and not those of citizens or democracy. The liberalization of the food trade has resulted in devastation for family farmers around the world and promoted the growth of giant transnational food corporations

that, quite frankly, are sucking the lifeblood out of rural communities. The rate of natural resource extraction has greatly increased in the last five years of WTO rule, as has the gap between rich and poor in every country as well as between countries. The time has come to rectify this situation.

Position

The Council of Canadians has been part of an international civil society dialogue that has developed a common position on the WTO. Consequently, The Council of Canadians, in solidarity with this process, has the following demands of the Canadian government as it enters the Seattle negotiations in December:

- The cessation of negotiations to start a whole new round and an agreement not to bring any new issues to the table;
- an evaluation of existing trade rules on sustainable development, social programs and human and workers' rights;
- A retrospective review on the WTO's impact on development, democracy, environmental sustainability, health, human rights, labour rights and the lives of women and children;
- A commitment to oppose the introduction of global investment treaty negotiations or any new investment rules in the WTO;
- The beginning of a real and sincere dialogue with civil society along with the appropriate institutional mechanisms for doing so, and;
- A commitment to democracy within the WTO itself, both with regard to the bigger nations having so much power over the smaller, but with corporations having so much more clout and access to power structures than civil society.

Further, The Council of Canadians demands the removal of the most egregious aspects of the WTO and calls on the Canadian government to:

- Eliminate the ability of WTO trade rules to overturn nation-state laws and practices that protect health, the environment, development and human rights;
- Adopt the Precautionary Principle and high international standards on health, the environment and food safety;
- Create enforcement measurements in Multilateral Environmental Agreements (MEAs) and other international agreements on social, labour and human rights and remove the WTO supremacy clauses contained in MEAs where they currently exist;

- Protect local, national and international environmental and social laws from unfair challenges by ensuring that all relevant dispute fora are required to give a presumption of validity to national and local laws and policies. Ensure that there is full transparency and accountability within the DSM body, and allow civil society intervenor status at dispute settlement hearings, and;
- Resist the adoption of any new rules allowing corporations to take out patents on life forms (human, animal and plant life) – so-called bio-piracy – through any efforts to re-open section 27.3b of the TRIPS agreement.

SECTOR DEMANDS

Food Security

The Concern:

Many countries, including the European Union, Japan and the Third World, insist that government support and regulation of agriculture is essential for maintaining food security. World leaders in agricultural export – including Canada and the U.S. – want to complete the task of opening up world markets for agricultural trade through the WTO. If Canada and the U.S. get their way, the Canadian Wheat Board and government regulatory mechanisms such as Canada's unique marketing board system, which provides security for both farmers and consumers, will likely become targets.

The Demand:

Stop the acceleration of the liberalization of trade in agriculture and move to control the growing power of transnational food and chemical corporations who are replacing the family farm as the main producers of food. Maintain the right of the federal and provincial governments to establish and protect supply management and marketing boards in order to ensure the farmer a fair price at the farm gate.

Food Safety

The Concern:

In recent months, the United States has spearheaded a series of moves to put genetically engineered food products on the WTO agenda. Both the U.S. and Canada want to ensure guaranteed market access for the bio-tech food industry, not only in Europe where resistance is greatest, but also in Japan and the Third World. The U.S. may promote negotiations for a "stand-alone" agreement on bio-tech issues such as voluntary labelling in exchange for guaranteed market access, thereby further jeopardizing people's rights to food safety.

The Demand:

Stop efforts to force acceptance of Canadian bio-engineered foods on countries that have the legitimate right to question the safety of GE foods. In keeping with the values expressed in the Precautionary Principle, support a global five-year moratorium on GE foods until independent tests can be conducted to ensure their safety.

Health Care

The Concern:

The U.S. and Europe are committed to including health care in the GATS talks leading up to the WTO meeting. To date, the GATS has been a "bottom-up" agreement, meaning that only those services that countries voluntarily put forward have been subject to negotiation. However, the new proposal is to make the GATS a "top-down" agreement whereby all services, including health care, would automatically be included. The U.S. Coalition of Service Industries has successfully lobbied the U.S. government to seek to force other countries, through the WTO, to open up their health care facilities to foreign ownership.

The Demand:

Call for the removal of health care and social services from the negotiating table in the new round of GATS negotiations and issue a public statement *before* Seattle that all health care services are to remain fully exempted from WTO negotiations.

Public Education

The Concern:

Public education is also slated for negotiations at the WTO meeting. Under the GATS agreement, countries must grant "national treatment" rights to foreign corporations, including the right to "set up a commercial presence in the export market." If the U.S. and Europe are successful in including educational services in the Millennium Round talks, Canada's public education system will have to open itself up to foreign competition and the private sector. Former Trade Minister Sergio Marchi has already called for international rules to oversee the global trade in the "education industry."

The Demand:

Call for the removal of public education and post-secondary (tertiary) education from the GATS negotiations and issue a public statement *before* Seattle that all education services are to remain fully exempted from the WTO.

Cultural Integrity

The Concern:

The WTO has already been used to strike down Canada's ability to protect its magazines. The massive U.S. entertainment industry, which sees culture strictly as a business, has convinced the U.S. Administration to fiercely resist cultural protectionism in any form and to advance its global interests at the WTO talks in Seattle. There, new negotiations are scheduled to liberalize telecommunications, including the Internet and digital technologies, as well as patents, trademarks and copyright law. Global negotiations on the deregulation of broadcasting are due to begin at the same time, so Canada's public broadcasting system is a likely next target.

The Demand:

Support the development of a new international instrument that would lay out the ground rules allowing countries to set their own cultural policies, but express concern that if this new body is not recognized as taking precedence over the WTO, it will be meaningless. Demand a full cultural exemption at the talks in Seattle. Ensure that public broadcasting is exempted from WTO rules.

Water

The Concern:

Included in the GATS talks is a heading called "environmental services," which includes the delivery of water and wastewater services -- still largely held in the public realm in Canada. The U.S. and Europe also want water services included under new WTO talks on competition, meant to open up closed markets to their big water corporations. This would not only force municipalities to relinquish control of this service, it could give transnational corporations the right to export Canadian bulk water for profit. Water is already included in the WTO as a "good," and Article XI of the WTO prohibits export controls of any good, even for environmental purposes.

The Demand:

Secure a full exemption of water – as a good, or service or an investment – from the WTO so that countries have the right to pass legislation banning the export of water for commercial purposes. Ban the commodification of water. Exclude water from the list of "environmental services" included in the GATS agreement.

Labour Standards

The Concern:

Although workers' rights are not formally on the WTO agenda for Seattle, there has been an ongoing debate in the WTO about the need to incorporate core labour standards as a means of overcoming the exploitation of cheap labour, including child labour. Even so, there are agenda items that will have a direct effect on labour rights, including the reduction or elimination of industrial tariffs on products (many of which are manufactured in low-wage countries) and the proposed services accord, which could have negative impacts on public sector workers. As well, Japan's recent efforts (on behalf of its own giant automakers) to win a WTO ruling against the North American Autopact could have serious repercussions.

The Demand:

Strengthen core labour standards in the International Labour Organization and give that body enforcement measures that are not superseded by the WTO.

Human Rights

The Concern:

Transnational corporations are using the WTO to attack government spending policies that contain environmental, social or human rights conditions. Basically, the rules forbid all non-economic considerations on government "procurement," or contracts. For instance, the state of Massachusetts was forced under a WTO ruling to abandon its law preventing government contracts from being given to any company doing business with Burma on account of that country's egregious human rights abuses. There is much pressure to make these rules even stronger at the upcoming talks in Seattle.

The Demand:

Protect the rights of local and regional governments to establish environmental, social and human rights conditions through their own procurement policies. Strengthen the United Nations Declaration on Universal Human Rights and the attendant Covenants, along with Multilateral Environmental Agreements (MEAs), by giving them enforcement mechanisms not superseded by the WTO. Remove WTO supremacy clauses from MEAs that are currently under negotiation.

Forestry Conservation

The Concern:

The ability of governments to ensure forest conservation could be severely curtailed by the forthcoming WTO negotiations. The U.S., pressured by its big timber corporations, wants a forest products agreement that would compel countries to get rid of tariff and even non-tariff barriers restricting the import and export of forest products. Not only will this allow global timber companies to exploit the remainder of the world's forest reserves, but it could also mean major job losses for forestry workers in North America as production moves offshore. A similar WTO accord is proposed for fisheries.

The Demand:

Withdraw support for the forest products agreement and make it clear that the WTO must not be used to challenge domestic laws and international agreements to protect the world's remaining forests. No negotiations on a new fisheries accord.

Local Development

The Concern:

The WTO proposes to establish a code for government procurement that will have a major impact on the ability of local governments to ensure that development projects serve community needs and priorities. If such a code is enacted through the WTO, then not only national but also local and regional governments will be prohibited from using their purchasing powers and public subsidies to stimulate domestic industries and companies, unless they also provide the same advantages to foreign-based corporations. In effect, governments will be stripped of the power to ensure that economic development serves community development priorities.

The Demand:

Withdraw support for any negotiation on a government procurement code that would remove the ability of local governments to use their purchasing power and resources to ensure that community development priorities are met.