

# The **W**orld **T**rade **O**rganisation

## An Australian Guide



**Global Trade Watch**

**2006  
Edition**

# Introduction



“Globalisation” has become the catchword of the last decade. But what is globalisation, how is it happening, and how is it affecting our lives?

While its supporters have claimed that economic globalisation is “inevitable”, it is in fact a very political process shaped by the decisions of our governments. It can be altered or even reversed, if that’s what people demand.



The problem is that the decisions shaping globalisation are made mostly outside the public gaze in institutions like the World Trade Organisation (WTO). Most of the decisions are made behind closed doors by government bureaucrats, and unduly influenced by corporate lobbyists. Most parliamentarians don’t know the details of most of these decisions either.

That’s the reason for this guide: to open the doors on the secretive processes and to help Australians understand what is happening to our lives, our economy and that of most other countries around the world. We hope that by understanding what is going on, people can make educated choices about the type of world they want to see, and act to help create that world.

Please read this guide and pass it on to friends and family. Discuss it in your workplace and community. If you find it useful or interesting, please consider supporting Global Trade Watch’s ongoing work by becoming a member - an application can be found on the inside back cover.

**For additional copies of this guide,  
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**Published by Global Trade Watch,  
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For the last three decades, the world has been in the grip of a global economic experiment. It is now becoming obvious that this experiment has not merely failed, but has failed catastrophically, causing massive poverty and environmental damage around the world.

This experiment is often called “globalisation” – or more specifically, economic globalisation. It is a process by which national governments have removed protections for local manufacturers and farmers, and given up power to set policies to international organisations and multinational companies.

Economic globalisation is based on an ideology – often called “economic rationalism” or “neo-liberalism” – which argues that private profit is the highest value, and that economic efficiency and growth should reign supreme. Countries should strive for economic growth above all else, and should do this by exporting what they can produce cheaply, and importing everything else. The quasi-religious belief of economists is that trade liberalisation will lead to growth and that growth will “trickle down” and lead to poverty reduction, employment and general happiness.

To produce such a system, countries have been encouraged, and sometimes forced to “liberalise” their economies, removing all “barriers to trade”. At one time, “barriers to trade” were limited to taxes (tariffs) on imports, and subsidies for exports. Now “barriers to trade” includes the public ownership of services, quarantine standards and government regulations which protect labour and environmental standards.

Economic globalisation is an ideology promoted by the rich countries – and the large corporations which dominate their economies – which have benefited the most from it. As you shall read, it has been to the detriment of the vast majority of the world’s population, upon whom it has been imposed.

*“Globalisation ... is about power and control. It is the reshaping of the world into one without borders ruled by a dictatorship of the world’s most powerful central banks, commercial banks and multinational companies. It is an attempt to undo a century of social progress and to alter the distribution of income from inequitable to inhuman.” - Paul Hellyer, former Deputy Prime Minister of Canada<sup>1</sup>*

# The Impacts of Economic Globalisation



Since 1950, world trade has increased more than nineteen-fold, and world output has increased by six times – a massive increase in economic “welfare”. Yet in 2005, more than 800 million people do not have enough food to eat, more than 10 million children died before their fifth birthday, and more than 1 billion people are forced to survive on less than \$1 a day.<sup>2</sup> At the same time, oceans are over-fished, forests are destroyed at the greatest rate ever, species are going extinct at the greatest rate since the time of the dinosaurs and the air is polluted to such a degree that the Earth’s climate is actually changing. Why has the massive wealth of the “global economy” had these impacts?

*“I was wrong about free trade. I was wrong. Free market trade policies hurt the poor”*

– **Stephen Byers,**  
**Former British Trade and Industry Secretary,**  
**2003.<sup>5</sup>**

## ***Myth 1: “Globalisation Has Made the World Better Off”***

Untrue! Contrary to many economists’ claims, while the last 25 years of ‘globalisation’ and trade liberalisation have increased the wealth of rich countries, for the vast majority of countries – particularly poorer and middle-income countries – this period has seen a decline in social progress compared to earlier periods. A 2004 study of the world’s poorest countries by the UN found that trade liberalization and increased international trade corresponded with increasing poverty in most countries.<sup>3</sup>

A study by the US Centre for Economic and Policy Research compared the growth rates of 175 countries between 1960 and 1980, and between 1980 and 2005. It found that the latter period of economic liberalisation, privatisation and deregulation had sharply reduced rates of both economic growth and social progress for most countries.

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Dividing the countries into five groups according to their per-capita income, the study found that between 1960-1980 and 1980-2005:

- **Per-capita GDP growth declined in four out of the five groups**, with the fifth group only increasing growth by 0.1% annually.
- **The rate of life-expectancy growth declined** for almost all low and middle-income countries.

- **The rate of improvement of child and infant mortality declined** in all five groups.
- **The rate of increase in secondary school enrollment declined** in all five groups.

In Australia, over the period of 1960 to 1980, wages as a percent of GDP rose from about 52% to over 60%, while corporate profits as a percent of GDP remained mostly under 20%. Over the next 25 years to 2005 (the period of economic liberalisation) wages fell back to about 53% of GDP while corporate profits have sky-rocketed to over 27% of GDP.<sup>4</sup>

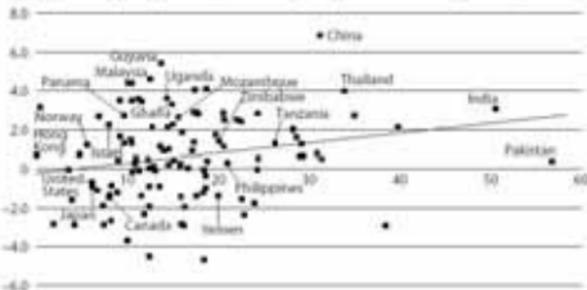
### **Myth 2: “Trade Liberalisation Increases Economic Growth”**

Untrue! The graph below uses data from a World Bank study into the effects of economic globalisation. It shows that when most of the world’s countries are compared, far from *increasing* economic growth (GDP), low tariff rates actually correlate with (slightly) *lower* rates of economic growth.

In Australia, between 1980 and 2000 (when the economy was being liberalized) economic growth also slowed when compared to 1960 –1980. GDP grew by 123% between 1960 and 1980 – over 30% faster than over the later two decades of economic liberalization, when GDP grew by only 93%.<sup>6</sup>

#### **Low import tariffs are good for growth? Think again**

Annual average per-capita GDP growth rate during the 1990s (unexplained part, per cent) vs. average import tariff rate (per cent)



Note: All data are averages for the 1990s. Specifications are based on Dollar and Kraay (2000), replacing trade-GDP ratios with tariff levels and controlling separately for inflation, initial income and government consumption as a share of GDP.  
Source: Dollar and Kraay, 2000.

# The Winners: Corporations & The Rich



The global economy's winners are the rich countries the big multinational corporations - mostly based in the rich countries - which now almost completely control trade within and between nations. The world's largest 500 corporations control over 70% of world trade.<sup>8</sup> For example, in the 1990s, 80% of the entire production of world grain was distributed by just two companies: Cargill and Archer Daniel Midland.<sup>9</sup>



Global trade liberalisation allows corporations to relocate to countries with low wages and low labour and environmental standards. It allows them to manufacture products and to cheaply extract natural resources from poor countries without having to pay the costs which wages and environmental regulations demand. The economic cost of the social and environmental damage inflicted by corporations in the US was \$2.6 trillion, according to study by US professor of business administration Ralph Estes.<sup>10</sup>



Individuals are benefiting from the global economy too. Between 1994 and 1998, the 200 richest people in the world more than doubled their net worth to more than \$1 trillion. Meanwhile, disparities continue to grow: In 1960, the income gap between the richest fifth of the world's population and the poorest fifth was 30 to 1; in 1997 it was 74 to 1.<sup>11</sup>

# The Losers: Workers



Workers in both rich and poor countries have been badly affected as trade barriers have been “liberalised” and corporations have run a race to the bottom to find the cheapest labor markets and the most lax labour regulations.

Trade liberalisation has resulted in collapses in manufacturing in many developing countries. In Zambia, the government was forced to remove all protections from its manufacturing industry in return for debt cancellation. This led to large increases in imports, especially of cheap, second-hand clothing from industrialised countries. The Zambian textile industry could not compete and the sector has all but vanished, with 140 textile manufacturing firms in 1991, falling to just eight by 2002. Where there had been 34,000 Zambian textile workers in the early 1990s, by 2001, there were just 4,000.<sup>12</sup> Côte d’Ivoire, Kenya, Senegal, Ghana, Ecuador and Peru are just some of the other developing countries which have seen manufacturing jobs slashed by the removal of tariffs and other trade barriers.

The story is similar in Australia. As tariffs have been reduced, Australian industries across all sectors have found themselves unable to compete with cheap imports. A report by the National Institute of Economic and Industry Research found that by 2005, it is likely that the tariff reduction that commenced in 1987 will have resulted in the loss of approximately 100,000 manufacturing jobs alone. In 2005, it is likely that total employment in the Australian economy will be 200,000 less as a result of the tariff phase-down.<sup>13</sup>



In the increasingly competitive global economy, cut-throat competition between countries for a share of the export market often results in a ‘race to the bottom’. Countries find themselves lowering their wages and labour standards in a desperate attempt to attract and retain foreign investment. Australia’s new Industrial Relations reforms are part of this, with Prime Minister John Howard arguing that “we live in a globalised world economy, we can’t go back on that . . . what we have to do is out-compete the world. And that means that we must continue with the process of economic reform.”<sup>14</sup>

# The Losers: Small Farmers



Across the world, farmers have been among the hardest hit of all people affected by economic globalisation. A 2005 UN report found that the main winners from agricultural trade liberalisation were importers, middlemen, and large-scale producers, while the losers tended to be local producers, particularly small-scale farmers who are usually the majority of the population in developing countries.<sup>15</sup>

Around the world, trade liberalisation is forcing farmers off their land and destroying traditional small scale agriculture for the benefit of multinational corporate “agribusiness”. Reducing tariffs forces small farmers to compete against subsidised food imports, and often destroys their livelihoods. Ruined farmers move to overcrowded cities and take whatever jobs they can find in



export-processing zones, producing exports for a few cents an hour. From an economic perspective, this often appears as progress, since farmers make little money by growing their own food, even though they often own their house and land. But leaving their land to earn slave-labour wages in a sweatshop makes GDP figures rise – a success in conventional economic measures. The Australian government has described in glowing terms “the transformation of Asia’s . . . predominantly subsistence agriculture, into a rapidly modernising system of agribusiness.”<sup>16</sup>

# The Losers: Small Farmers



Take Mexico, for example, where since signing the NAFTA trade agreement many US multinationals have moved in. Wealth has massively increased, and Mexico's \$600 billion economy is now the world's ninth largest. Yet this wealth has flowed only to the richest Mexicans, and has destroyed millions of rural jobs

in the process. Nineteen million more Mexicans are living in poverty than 20 years ago, and one in four Mexicans are now classed as "extremely poor" – that is, unable to afford adequate food.<sup>17</sup> Mexican economist Alejandro Villamar says "nearly two million jobs out of 8.5 million have disappeared since 1994, [when NAFTA was signed], and 10 million people have fled to the US in search of work".<sup>18</sup> The reality is similar for literally billions of people in Asia, Africa and Latin America.

In Australia, small farmers have also been decimated by reductions in tariffs and subsidies, deregulation, export orientation and the rise of big corporations in the farming sector. Between 1970 and 2000, the number of farms in Australia fell consistently from over 190,000 to about less than 120,000, while over the same period, the contribution of farming to Australian employment almost halved from 7.3% to 4.2%.<sup>19</sup> The National Land and Water Resource Audit (NLWRA) notes that between 1986 and 1996 alone, the number of Australian farms fell by 20%, almost all of them smaller than 500 hectares.<sup>20</sup>

# The Losers: The Environment



The environmental impacts of global trade liberalisation are massive but rarely acknowledged. The move to export-oriented economies has increased the extraction of every type of natural resource, and the environmental effects are disastrous. The Amazon is being cleared faster than ever to grow beef and soy beans, almost exclusively for export.<sup>21</sup> Groundwater in many developing



countries is being irreversibly depleted and agricultural land is overused and turned saline or into desert to grow cash crops for the West. Fisheries are collapsing as exports rise – over 75% of the world's fisheries are over-fished or fished at their biological limit.<sup>22</sup> Rivers are

polluted with chemicals and mangroves are being destroyed across the developing world to farm prawns for export. Species are going extinct at the greatest rate since the time of the dinosaurs 65 million years ago.<sup>23</sup>

## *Impacts of Australian Export-Oriented Agriculture*

The UN Environment Program recently reported that "the environmental impacts of increased trade in agricultural products are potentially devastating"<sup>24</sup> A massive 75% of Australia's agriculture is grown for export.<sup>25</sup> This export orientation is the ultimate cause of most of Australia's environmental problems, including:

- **Land Clearing and Biodiversity loss**

– Land-clearing for agriculture – mostly for export – was identified by the 2001 Australian State of the Environment Report as the single most significant threat to biodiversity in Australia.<sup>26</sup>

- **Water Over-Use** – Even in drought times, up to 80% of Australia's freshwater use goes to agriculture, mostly for export.<sup>27</sup>

- **Water Pollution** – fertiliser and pesticide from export-agriculture runs-off into our precious waterways. Such run-off is helping to kill the Great Barrier Reef.<sup>28</sup>



continued next page...

• **Dryland Salinity** – Agricultural production for export has been the main cause of 2.5 million hectares and potentially more than 12.5 million hectares of prime agricultural land which is now salinity-affected. At present levels of use, estimates from the National Land and Water Audit put the area of possible land affected by dry-land salinity in 2050 at 17 million hectares.<sup>29</sup>

• **Climate Change** – Over 40% of Australia's greenhouse gas emissions result from production for export.<sup>30</sup>



• **Logging of Native Forests** – Up to 80% of native forest logged ends up as woodchips, 90% of which is exported, destroying our natural heritage.<sup>31</sup>

### *Impacts of Increasing Goods Transport*

A world based on maximizing imports and exports is also based on maximizing transport, causing a variety of environmental problems. About 95% of the world's traded goods are moved by maritime transport, causing about 5% of the globe's sulfur oxides and 14% of the world's nitrogen oxide emissions. Sulfur particles cause acid rain, while nitrogen compounds – as well as being greenhouse gasses – can form ground-level ozone.<sup>32</sup> Increasing marine transport also spreads exotic species which often decimate ecosystems (like the North Pacific Sea Star in Melbourne's Port Philip Bay) or economies (like the North American Fire Ants in Queensland).



#### **Taiwan - Poster Child of the Global Economy?**

*Throughout the 1980s and '90s, Taiwan was praised as the model of free trade economics in Asia. Today, the virgin broad-leaf forests that once covered the eastern coast have almost completely disappeared, replaced by monoculture conifer plantations and industrial developments. Fertiliser and pesticide use have gone unregulated, contaminating groundwater and crops to the extent that many farmers will not eat their own export crops. Waste disposal regulations are routinely ignored, resulting in 30% of rice contaminated with heavy metals, including mercury and arsenic. Massive air pollution has led to a quadrupling of the incidence of childhood asthma in the last ten years. Not surprisingly too, cancer is now the leading cause of death, its incidence doubling over the last 30 years.<sup>33</sup>*

# The World Trade Organisation



## *History*

In 1944, the world's major powers came together in the US town of Bretton Woods to create an architecture for global economic governance. At the conference, they agreed to create three institutions: The World Bank (WB), International Monetary Fund (IMF), and the International Trade Organisation (ITO). While the ITO never emerged, in

1948 one element of it came into effect – the General Agreement on Tariffs and Trade (GATT), which in 1995 became the World Trade Organisation (WTO).

To begin with the GATT was fairly inoffensive, being limited to reducing tariffs and subsidies for industrial goods traded between the GATT's mostly rich-country members. Negotiations were conducted in "rounds" where all countries agreed to reduced tariffs and subsidies to particular levels.

But in 1984, the GATT was transformed dramatically with the launch of the "Uruguay Round" of negotiations. The Uruguay Round massively expanded the mandate of the GATT to include areas of agriculture (see p. 18), quarantine (see p. 20), services (see p. 22), and intellectual property (see p. 27).

The Uruguay Round culminated in 1995 with the creation of the WTO, which works to "liberalise" the world economy by reducing "barriers to trade" and encouraging countries to adopt an export-driven, corporate based economic system. The ultimate outcome of all this "liberalisation" is the commercialisation, privatisation and deregulation of the world's economies. It is a process whereby governments progressively negotiate away their regulatory authority, taking power away from citizens and empowering multinational corporations.

The WTO, which now has 148 member countries, directs trade liberalisation by establishing rules for the global economy and policing countries which don't follow them. The rules are made through agreements between all member countries. The WTO has international status equivalent to the United Nations, but unlike the UN, it actually has the power to enforce its rules (see p. 17).



For most of the last century, “barriers to trade” meant tariffs (import taxes) and subsidies for agriculture and manufacturing industries, and trade agreements proceeded slowly and quietly. However in the 1970s and 80s, with the rise of neo-liberal ideology, all this changed. Notions of “free trade” and “trade barriers” vastly expanded. No longer were only tariffs and subsidies barriers to trade, but so were government regulations themselves.

Labour standards, quarantine laws, environmental regulations, and even local content rules for media all became targets as “barriers to trade.” Indeed, the WTO now aims to have agreements which cover all domestic laws that impact trade. These agreements can override domestic laws and regulations, limiting what policies countries can implement or maintain. If countries make laws which the WTO judges to limit trade in any way, it can overrule that country’s laws, and force the country to comply using trade sanctions.



### *The cleaner air case*

*On behalf of its oil industry, Venezuela challenged a U.S. Clean Air Act regulation that required petrol refiners to produce cleaner petrol. Venezuela claimed this rule was biased against foreign refiners and took the case to the WTO. The WTO ruled against the U.S. law. In 1997, the US Environmental Protection Authority (EPA) was forced to lower its minimum requirements for petrol, allowing Venezuela to sell dirtier petrol in the U.S., which deteriorates air quality and public health. The WTO gives big business a special avenue to challenge policies, like the Clean Air rules, which have withstood domestic challenges.<sup>34</sup>*



The WTO claims to operate on the basis of consensus, where every country agrees on all decisions. The reality is very different. Most of the WTO's decisions are made by a small group of powerful countries using processes like the "Green Room" and "mini-ministerials" (see p. 16), and imposed on the rest of the members.

The WTO meets in Geneva – one of the most expensive cities in the world. Negotiations occur all year round, but many developing countries can't afford permanent delegations and so are deprived of both representation and participation opportunities, while richer countries negotiate in their absence.

Even though WTO decisions affect billions of people around the world, it is completely unaccountable. Ordinary people have no avenue for input into the WTO's decisions. Unelected bureaucrats and trade ministers make decisions which will affect billions of people without consulting national parliaments or ordinary people.



Issues surrounding the effects of WTO agreements are rarely debated in national parliaments. There has never been a popular referendum on WTO membership or WTO agreements in any country in the world. In Australia, Federal Cabinet ratifies WTO and other trade agreements without any need for parliamentary debate or a vote on them.

# WTO's Anti-Democratic Processes



There are a number of anti-democratic measures used within the WTO which give the lie to the WTO's claim of "consensus" decision-making.



## *The Green Room*

Green Room meetings are named after a room at the WTO where they often take place. They are invitation-only, closed-door meetings called mostly by the US or EU to build a consensus among a few countries for the agenda they want to push through. This is then presented to the rest of the WTO membership as a take-it-or-leave-it package, making it almost impossible for smaller developing countries to have their needs or objections included in the final agreements.

## *Mini-Ministerials*

Mini-Ministerials are another process that the richest countries use to push through their own agendas inside the WTO. Like the Green Room meetings, they are invitation-only meetings called usually by the US or EU and including a small group of other "strategic" countries (and excluding the rest). Mini-ministerials have occurred before the WTO Ministerial meetings in Singapore (1996), Seattle (1999) Doha (2001) and Cancun (2003) to promote the goals of the major developed countries, and bring a select group of smaller, powerful countries into line on these agendas.<sup>36</sup>

*"We have been unhappy about the manner in which relatively small groups are convened for substantive discussions with . . . the Director General, on specific portions of the draft Ministerial Declaration – the so-called green room meetings. . . . The process of invitation to the small meetings is . . . highly unsatisfactory."*

**– Letter to the WTO chairman from WTO missions of Bolivia, Honduras, Cuba, Mauritius, Dominican Republic, El Salvador, Guatemala, Uganda, Paraguay, Panama, Djibouti<sup>35</sup>**



The WTO allows countries to challenge each other's laws and regulations, but the Dispute Settlement Process is conducted in almost absolute secrecy. Documents, hearings and briefs are confidential. Only national governments are allowed to participate, even if a state or local law is being challenged. National parliaments do not have to be informed that their law is being challenged.

WTO disputes are decided by a panel of three unelected trade bureaucrats on the basis of trade law. There are no conflict of interest rules and the panelists often have little appreciation of domestic law or of government responsibility to protect workers, the environment or human rights. Thus, it's not surprising that – with only one exception – every single environmental or public health law challenged at the WTO has been ruled illegal.

There are no outside appeals. Once a final WTO ruling is issued, losing countries have a set time to implement one of only three choices: change their law to conform to the WTO requirements, pay ongoing compensation to the winning country, or face trade sanctions.

Around 70% of the world's poorest people live in rural areas and are dependent on agriculture for their income, food supply and livelihoods.<sup>37</sup> Improving the global agricultural system would improve their lives as well as the lives of Australian farmers.

Unfortunately, the WTO's Agreement on Agriculture (AoA) has done the opposite, helping to promote the interests of the large corporations which control the vast majority of world agriculture, while destroying small family farms in the developed and developing world.

The AoA was introduced into the WTO in the Uruguay Round and came into effect at the beginning of 1995. It has reduced tariff protections for small

### **WTO kills Chinese farmers**

*Since China joined the WTO in 2001, trade and economic growth have soared, yet the Sixty percent of all Chinese – about 700 million people – who live in rural areas are actually getting poorer and their lives are getting worse. In 2005 the World Bank released a report which found that since China joined the WTO in 2001, the 700 million rural Chinese have on average lost about 1% of their total income. It also found that since 2001 “the poorest rural households . . . suffered a sharp 6-per-cent drop in their living standards . . . due to the combined effect of a drop in real wages and an increase in the prices of consumer goods,” the report found.<sup>39</sup> A 2004 report from the Chinese Academy of Social Sciences found that the number of Chinese farmers living in poverty rose by 800,000 in 2003 - the first rise since 1978. The gap between the rich urban minority and the poor rural majority is also widening, with that average urban incomes are over three times higher than rural incomes - the worst ratio in the world.<sup>40</sup> And the state-owned China Daily has reported that “the number of people committing suicide has soared in China recently, rising to an estimated 250,000 a year. The number of unsuccessful suicide attempts stands at least 10 times that number, between 2.5 million and 3.5 million.” Again, rural people were the worst off, with rural women recording a suicide rate of 30 in every 100,000 - one of the highest rates in the world.<sup>41</sup>*

farmers – a key source of income for developing countries – while allowing rich countries to pay their farmers massive subsidies which developing countries could never afford.

The AoA allows Europe and the US to spend \$380 billion every year on agricultural subsidies alone. These subsidies go not to small farmers, but almost exclusively to big agribusiness – more than 70% of US agriculture subsidies go to 10% of producers, while in the EU half of all support goes to just 1% of producers.<sup>38</sup> The effect of these subsidies is to flood global markets with below-cost commodities, depressing prices and undercutting producers in poor countries – a practice known as “dumping”.



By forcing countries to lower tariffs and adopt export-led strategies, the logic of free trade in agriculture has forced many small farmers into production for export rather than for local food and other needs. This has exposed the rural majorities of most developing countries to volatile global commodity prices and put peoples’ food security in danger. Cash crops are exported while people starve. You can read more about the impacts of free trade in agriculture on page 9.

### ***A Bad Deal for Australian Farmers***

*Hundreds of thousands of Australian grain farmers export their products through “single desk” export boards like AWB (the former Australian Wheat Board). AWB buys their grain and pools it over markets and over time, meaning farmers don’t have to compete for exports against other growers, and that they can earn a living even when prices are down. This benefits small farmers especially. But both Europe and the US have challenged export boards in WTO negotiations, proposing they be made illegal. In Australia this mean the removal wheat, barley, rice and sugar boards. While the Australian government is opposing this measure, under WTO rules Australia could be forced to remove the boards or face trade restrictions from other countries. The US Wheat Associates group has already convinced the US government to challenge Canada’s wheat board though the WTO, and has Australia in its sights. Its president Alan Tracy says “fair competition absolutely requires the removal of the wheat export monopoly of Australian Wheat Board.”<sup>42</sup>*



Australia's quarantine policy plays a vital role in protecting human, animal and plant health, safeguarding Australian ecosystems against exotic pests and disease that can be introduced by imports. But in the

eyes of the WTO, Australia's quarantine laws are a 'technical trade barrier' used to keep out foreign competitors.

The WTO's agreement on "sanitary and phytosanitary standards" (SPS) came into effect in 1995. It sets constraints on government policies relating to food safety (bacterial contaminants, pesticides, inspection and labelling) as well as animal and plant health (imported pests and diseases). Essentially, the SPS agreement aims to restrict the use of quarantine measures. It has once already been used to override Australia's quarantine laws (see below).

The SPS agreement gives the WTO the power to overrule Australia's use of the "precautionary principle" – a principle which allows countries to act on the side

of caution if there is no scientific certainty about potential threats to human health and the environment. Unfortunately this 'better safe than sorry' approach isn't enough to satisfy the WTO.

Under SPS rules, the burden of proof is on countries to demonstrate scientifically that something is dangerous before it can be regulated, even though it is impossible to predict all forms of damage posed by insects or pest plants. Without the precautionary principle, an ecosystem would need to be devastated by some pest before any regulatory measures could be taken!

### ***Something Fishy?***

#### ***The WTO and Australian Salmon***

*In 1999, the Canadian government complained to the WTO that Australia's ban on imports of fresh salmon - an effort to stop foreign diseases spreading to native salmon - was a "barrier to trade". The WTO disputes panel ruled in Canada's favour, and Australia was forced to open its mainland markets to Canadian salmon imports. A report by the Senate Rural and Regional Affairs Committee in June 2000 found that the decision could "set a precedent which may undermine the [Australian] quarantine requirements in other areas" (p179).*

## *GM Labelling Illegal?*

Genetically modified (GM) crops present a variety of health and environmental risks. In 1999, concerned about these risks, the European Union (EU) placed a de facto moratorium on GM food products. Opinion polls show that 70% of the European public don't want GM food and 94% want to be able to

choose whether or not they eat it. The EU will also soon implement strict labelling laws for GM food, so that the public has the right to choose what it eats. Yet these actions could be ruled WTO-illegal, since they restrict trade.

**WTO  
hands off  
our food!**

The US – which grows 80% of the world's GM crops – has used the SPS agreement to challenge the EU's laws, arguing they are "unjustifiable" and illegal under WTO rules. The WTO is due to decide the case in 2006. If it decides the EU laws are illegal, it will also put in jeopardy the recently created Cartagena Biosafety Protocol – the first global agreement giving countries

the right to reject GM organisms on the basis of the precautionary principle.

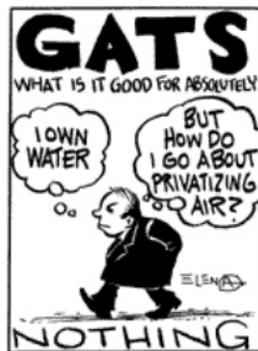
### *EU & NZ Challenge Australia's Quarantine Rules*

Both New Zealand the EU are currently challenging Australia's quarantine system in the WTO. Former EU Trade Commissioner Pascal Lamy has said: "Australia has built a quarantine system which is highly efficient at blocking the import of agricultural products . . . The EU will use WTO procedures to ensure that Australia practices what it preaches on agricultural market access." New Zealand has also recently announced a WTO challenge to Australia's ban on NZ apples.

The Australian government has admitted that the WTO also threatens Australia's GM food laws, with the Department of Agriculture, Fisheries and Forestry arguing that "Australia's strict [GM] regulatory regime may work against it on the international stage with mandatory labelling rules and some state moratorium on GM crops providing other countries with the ammunition to take Australia to the WTO."

Services are things like education, health care, transport and entertainment – not areas that trade agreements have traditionally covered. They were first included in the 1984 Uruguay Round, and in 1995, the WTO's General Agreement on Trade in Services (GATS) was signed.

The point of the GATS is to encourage the private provision (or privatisation) of services in economies around the world. The GATS gives investors new rights and constrains government regulation of service-sector companies. It covers a huge part of the Australian economy. Sharan Burrow, President of the Australian Council of Trade Unions (ACTU) has said that "Australia's existing health, housing, education, childcare, water, energy, postal and telecommunications services are threatened by the GATS proposals".<sup>49</sup>



*“Essentially, the GATS is mandated to restrict government actions in regards to services through a set of legally binding constraints backed up by WTO-enforced trade sanctions. Its most fundamental purpose is to constrain all levels of government ... and to facilitate access to government contracts by transnational corporations in a multitude of areas, including public health and education.”*

*- Maude Barlow, National Chairperson, The Council of Canadians.<sup>50</sup>*

In the GATS negotiations, countries make both requests and offers of “liberalisation” in particular sectors. The agreement is like a ratchet – once a government has made an offer of free trade in a particular sector, subsequent governments can't revoke the commitment. New offers must be made with every new round of negotiations. While governments are not yet forced to make GATS commitments, during 2005 Australia has been one of a handful of countries advocating that countries which have not made GATS offers *should* be forced to open some “benchmark” sectors.

## *The “Necessity Test”*

The GATS contains controversial rules that effectively give the WTO the power of veto over parliamentary and regulatory decisions. Article VI.4 dic-

*“Members’ regulatory sovereignty is an essential pillar of the progressive liberalisation of trade in services, but this sovereignty ends whenever rights of other Members under the GATS are impaired.”*

**- WTO Dispute Resolution Panel<sup>53</sup>**

tates that all “technical standards” must “not more burdensome than necessary to ensure the quality of the service”.<sup>51</sup> Otherwise they can be deemed illegal under the WTO.

This rule is not about trade at all, but a means to challenge “burdensome” restrictions on business and industry,

foreign and local. If challenged under the test, WTO member countries must prove first that their regulations were necessary in order to achieve a WTO-sanctioned legitimate objective, and second, that no alternative measure was available which would achieve the same objective and be less trade restrictive.

## *Parliaments Demoted?*

The necessity test is completely unprecedented in that it removes decision-making power from elected parliaments, and puts it into the hands of an unelected WTO panel. It places foreign commercial interests above the public interest, with democracy, public health, regulatory standards and environmental concerns taking a back seat to the interests of large multinational corporations.

Under GATS, it becomes practicably impossible for citizens of a country to reclaim basic public services once they have been privatised. The introduction of new regulations on social or environmental grounds can also be directly challenged by investors. Moreover, the WTO positively welcomes this anti-democratic aspect of GATS. In its own question and answer introduction to the Agreement, the WTO Secretariat recommends GATS to liberalisation governments for the political assistance it can bring them in “overcoming domestic resistance to change.”<sup>52</sup>

# Water & Environmental Services



For such essential services as water provision, the GATS constitutes an attack on basic human rights. Privatised water companies must make a profit, so prices rise, quality declines and access to water becomes restricted only to people who can afford it.

European Union (EU) requests to Australia under GATS were leaked in April 2002, and included a demand for the privatisation of water services. Water services were also included in the US-Australia Free Trade Agreement, setting a dangerous precedent. Given increasing water scarcity across Australia, the proposed inclusion of water collection & distribution services in the GATS raises troubling concerns about basic access to water for all people.

The GATS' market access commitments, which prohibit quantitative restrictions, could even limit the right of governments to restrict the amount of water taken by companies from lakes, rivers and groundwater sources. In a dry and drought-prone continent like Australia, this would be disastrous.

Disturbingly, the GATS also includes 'environmental services' and natural resource protection. The Australian government has already committed itself to the liberalisation of "protection of biodiversity and landscape" services. This means that state governments could have to provide foreign companies with access to the "market" for national park management. Our parks, wildlife, river systems, and forests could all become contested areas as global transnational 'environmental service' corporations demand the competitive model for their management.

## ***Track Record of Privatised Water in Australia***

*As a result of the 1996 privatisation of Adelaide's water, prices have risen dramatically and thousands of jobs have been lost, while profits for the company have steadily increased. Between 1993 and 2000, prices for the first 136 kilolitres of water, the standard consumption used to set charges, jumped by 59 percent or by \$70.67 a year to \$190.67. Privatisation led to the slashing of jobs at SA Water by 48 percent – from 2,707 to 1,390. In 1997, equipment failures and inadequate monitoring – the result of the new owners' efforts to minimise costs – allowed raw sewage to be flushed directly into the water plant's settling lagoons, causing health and environmental problems across the city.<sup>54</sup>*



Australia's public education system is also under threat from GATS. Education has come to be seen as a global market opportunity worth an estimated US\$2 trillion per year. This has led business lobby groups, such as the powerful European Roundtable of Industrialists, to argue that: "too often the education process is entrusted to people who appear to have no dialogue with, no understanding of, industry . . . The provision of education is a market opportunity and should be treated as such."<sup>55</sup>

The GATS aims to limit the government's role in education provision by moving from a public to a privately operated "market" system. The Australian government has already committed secondary education, vocational training and private tertiary education under the GATS. Australia has also received requests from other countries for full free trade in education, including public universities. According to the National Tertiary Education Union, a government which listed tertiary education in a GATS offer in an unqualified way would transform Australian education fundamentally by:



- Making Commonwealth operating grants and subsidies previously confined to domestic public universities to be equally available to foreign providers operating in Australia.

- Removing restrictions on the number of tertiary education institutions operating in Australia.
- Removing restrictions on the type of legal entity, e.g. governance structures, for a provider to operate in Australia.
- Removing restrictions on the percentage of foreign ownership of educational institutions.
- Relaxing qualification requirements and procedures, technical standards and licensing requirements which are "more burdensome than necessary to ensure the quality of the service".<sup>56</sup>

# GATS & Australian Culture: Coca-Colonisation?



The WTO's GATS agreement also covers cultural and audio-visual services. Such services are part of the processes which underpin and develop our society's cultural identity, so the government ensures they retain significant local content and local ownership. But their listing under the GATS means that television, radio and newspaper local content and foreign ownership laws may be negotiated away.

The Australian television industry exists largely because of local content rules which dictate that a proportion of programs must be Australian-made. The effect of a removal of these rules would be an even greater domination of our media by foreign corporations, and an end to large parts of the Australian television industry.

## **At risk from the GATS are regulations like:**

- Local content rules for television and radio
- Support for public broadcasters
- Regulating media ownership to promote diversity and restricting foreign ownership
- Controlling the immigration of foreign artists and technicians and supporting employment opportunities for Australians
- Subsidies for film and television production, the performing arts including art festivals, and the visual arts

The Australian Government has not yet offered to liberalise Australia's cultural services under the GATS, but in 2005 it partially liberalized cultural services under the US-Australia Free Trade Agreement.<sup>57</sup> The GATS could increase this liberalisation and further threaten Australian artists, performers and cultural industries.

## ***GATS imposing on NZ Culture***

*In 1999, the New Zealand Labour Party won office with a pledge to increase the quotas for local content on radio and TV airwaves. Unfortunately, the new government discovered that the outgoing minister had committed under the GATS to not discriminating in favour of local broadcasting content. As a result, the NZ government remains unable to increase local content quotas.<sup>58</sup>*

# WTO & Intellectual Property



Intellectual Property Rights (IPRs) are a relatively new concept. They were originally granted for the invention of new machines. IPRs were first put on the global trade agenda as part of the 1984 Uruguay Round of the GATT, and in 1995 the “Trade Related Aspects of Intellectual Property” (TRIPs) Agreement became international law.

IPRs are not a traditional part of “free trade” – even many free-trade economists oppose their inclusion on the WTO’s agenda. The fact that they are there is a testament to the power of the big multinational corporations which wrote and lobbied for the agreement. IPRs were put on the WTO agenda thanks to the lobbying of a committee of 13 major companies. In the negotiations that followed, 96 out of the 111 members of the US delegation working on intellectual property rights were from the private sector.<sup>59</sup> Little surprise, then, that the final agreement serves corporate interests, and undermines poor people’s access to knowledge and technology.

Corporations in the rich world are the world’s biggest owners of intellectual property. Industrialised countries hold over 97% of patents worldwide, and almost 90% of these are held by large corporations.<sup>60</sup> The WTO’s TRIPs agreement is essentially about extending these corporations’ rights over the world’s foods, medicines, and even our genes. Under TRIPs, a patent owner has the exclusive right to prevent anyone from making, using, selling, offering for sale or importing a patented product.

*“ I served on the Clinton administration’s Council of Economic Advisors at the time [of developing the TRIPS agreement], and it was clear that there was more interest in pleasing the pharmaceutical and entertainment industries than in ensuring an intellectual-property regime that was good for science, let alone for developing countries.”*

**- Joseph Stiglitz, Former World Bank Chief Economist<sup>61</sup>**

The benefits of TRIPs have flowed almost totally to multinational corporations. Corporations have abused their power by increasing the prices of medicines to even the poorest people. They have used TRIPs to secure patents, and thus “ownership” over indigenous and traditional knowledge, and even living organisms.

# TRIPs & The Right to Medicine



High medicine prices stop poor people accessing life-saving medicines, and the TRIPs agreement is the main reason for high drug prices around the world. Thanks to the corporations which make up the US Pharmaceutical Research and Manufacturers Association – which lobbied hard to make TRIPs a reality<sup>62</sup> – TRIPs rules prevent poor countries from manufacturing or buying cheaper generic versions of pharmaceuticals while they are still under a patent. Developing countries are obliged to enforce monopoly pricing of drugs through patents for a minimum of 20 years.



There are exemptions to TRIPs, including the right of countries to protect public health by issuing a “compulsory license” to manufacture a medicine in an emergency. But for poor countries without the capability to do this, TRIPs imposes complex rules which make importing drugs under compulsory license extremely difficult.

## ***WTO Denies Medicine to the Poor.***

*For 35 years, India's patent laws have allowed cheap copies of medicines to be made without a licensing fee, helping people around the world to afford life-saving medicines. Generic competition fueled by Indian production has been largely responsible for the global reduction in prices of AIDS drugs by as much as 98%.<sup>63</sup> India is the world's third largest drug exporter “and its ‘generics’ pharmaceutical industry provides treatment to almost half of the 700,000 HIV-infected people currently on HIV antiretrovirals in developing countries, especially in Africa.<sup>64</sup> But in 2005, the Indian government was forced by intense pressure from the WTO to overturn its patent laws for all medicines invented since 1995. It will mean an end to cheap copies of AIDS drugs and other medicines both for Indians and people with HIV-AIDS in sub-Saharan Africa, South America, and Southern and Southeast Asia.<sup>65</sup> Millions could die because of this WTO decision.<sup>66</sup>*

# TRIPs and Genetic Modification



The TRIPs agreement extends Western patent laws into the furthest reaches of rural areas in developing countries. TRIPs grants corporations the right to patent life-forms from micro-organisms to plants, animals and non-biological processes for producing plants and animals.

Across the world, large corporations like Monsanto have been heavily marketing GM plant varieties which are specially engineered to be resistant to the corporation's own herbicides. Farmers are thus compelled into a reliance on the company's pesticides as well. TRIPs grants Monsanto exclusive rights over any of its engineered varieties – making the altered variety a product of the corporation. Farmers are thus not only forced to buy the herbicides, but must pay Monsanto royalties each time seeds are planted, even if they have not been purchased. Monsanto has gained a reputation by suing farmers whose farms contain GM plants growing as weeds.<sup>67</sup>

*“Patents and intellectual property rights are supposed to be granted for novel inventions. But patents are being claimed for rice varieties such as the Basmati for which my Valley - where I was born - is famous, or pesticides derived from the Neem which our mothers and grandmothers have been using. Rice Tec, a U.S. based company has been granted Patent no. 5,663,484 for Basmati rice lines and grains. Basmati, Neem, pepper, bitter gourd, turmeric . . . every aspect of the innovation embodied in our indigenous food and medicinal systems is now being pirated and patented. The knowledge of the poor is being converted into the property of global corporations, creating a situation where the poor will have to pay for the seeds and medicines they have evolved and have used to meet their own needs for nutrition and health care.”*

– Vandana Shiva, BBC Reith Lecture, 2000.

TRIPs also allows biotechnology companies to engage in ‘biopiracy’: patenting indigenous knowledge which in many cases has been used for thousands of years, and ignoring millions of years of evolution that preceded the company’s “invention”. These patents allow a company to “own” the traditional knowledge of indigenous communities for use in developing new products such as medicines.



Every time the WTO has been asked to rule on an environmental issue, it has demanded the weakening of environmental regulations. There are a variety of WTO agreements affect the environment, including the restrictions on government regulation of service corporations under the GATS (see p. 22).

But the element of the WTO which has had the most environmental impact has been its restriction on discriminating on the basis of “process and production methods” (PPMs). Under Article XX(b) of the GATT, the WTO has deemed it illegal for a country to restrict trade in a product based on environmental concerns over the way it has been processed, manufactured or harvested, as distinct from the impact or characteristics of the product itself. This raises serious problems, since most environmental impacts from a product occur through its production. There have been several cases before the WTO where a country’s effort to ensure better environmental outcomes has been challenged and overturned by the WTO.



## ***REACH for weaker regulations***

*In 2001, the European Union (EU) released a plan for new chemical regulatory policy known as REACH, requiring manufacturers to provide safety information about chemicals before putting them on the market, and restricting use of the most dangerous chemicals. The World Wildlife Fund has estimated the health and environmental benefits of REACH at approximately \$180 billion. But at the urging of the US chemical industry, the US government successfully used the WTO to water down REACH by arguing that it breached the EU’s WTO commitments. “The proposals could . . . violate the non-discrimination requirements of the WTO, and could impose more trade-restrictive measures than are necessary to accomplish the EU’s health and safety objectives” the US argued. Even after REACH was watered down, the US has continued to use the WTO to challenge it. In June 2004, the Bush administration submitted comments to the WTO Technical Barriers to Trade Committee that strongly criticized REACH as “a costly, burdensome, and complex approach, which could . . . disrupt global trade”. While the US can’t formally challenge REACH at the WTO until the law is formalized (probably in 2006), there is little doubt that when they get the chance, they will try to have the WTO overturn the EU law as a “barrier to trade”.<sup>68</sup>*

Non-Agricultural Market Access (NAMA) is the name given by the WTO to attempts to reduce trade barriers in all sectors not included in agriculture or services negotiations. The US and the EU are pushing for large concessions in NAMA negotiations, but there are serious concerns that tariff reductions under NAMA will adversely affect developing countries and the environment.<sup>69</sup>

For developing countries, tariffs provide a means to protect and promote domestic industries and local employment. Tariffs also provide a direct source of revenue for developing countries. Every developed country has used tariff walls to build up their domestic industries before exposing them to international competition.<sup>70</sup>



Since developing countries have higher average tariffs than developed countries, drastic tariff cuts proposed in the NAMA negotiations will remove the flexibility and space developing countries need to use tariffs as an instrument for development. NAMA negotiations could deny this opportunity to billions of people in poor countries, causing “deindustrialisation” in the developing world and risking permanent poverty in many places.

Working hand in hand with the EU and US are many big business lobby-groups from the manufacturing, retail and other sectors. In forestry for example the US and New Zealand proposal for tariff reductions includes explicit reference to their work with the forestry industry.

*“It will be workers in the South and in the North who will be the losers if deep liberalisation of manufacturing goes through: job losses and worsening working conditions are the likely outcomes.”*

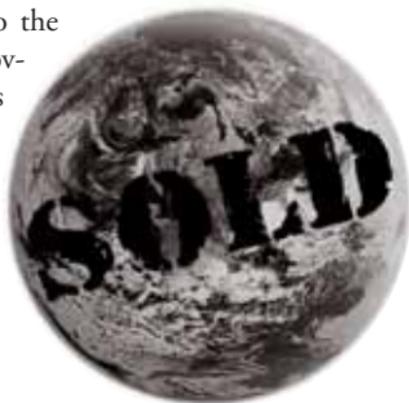
**- Institute for Agriculture and Trade Policy<sup>71</sup>**



In NAMA negotiations, all natural resources are effectively on the table for either partial or complete liberalisation, with a particular focus at the moment on fish and fish products, forests, gems and minerals. NAMA will lead to two new specific threats to the environment and local communities.

Firstly, tariffs help to protect fisherfolk who are essential to local economies and societies. In the case of fisheries, the proposed tariff reductions would increase incentives to fish internationally, especially for large commercial trawlers, which would fuel the continued exploitation of an already seriously depleted resource. Local fishers and poor fishing communities would increasingly suffer the impact of dying seas, as large commercial fleets take many of the highest quality fish. There is also a risk of cheap fish imports being dumped in coastal nations with a strong domestic market, such as Ghana and Cameroon, making it impossible for fishers to sell their catch locally. Similarly, even an impact assessment prepared for the European Commission states that developing countries with forest industries protected by high tariffs could “incur considerable environmental and social costs due to downsizing of the industrial capacity and closing some industries entirely.”<sup>72</sup>

In addition to tariff cuts, NAMA negotiations are likely to be used to restrict the ability of governments to make legitimate environmental laws and regulations. Friends of the Earth International has identified 212 laws and regulations relating to the environment that have been notified by governments as “non-tariff barriers” to trade as part of the NAMA negotiations. These laws range include energy efficiency standards, building regulations and regulations to promote energy efficient vehicles.<sup>73</sup>





## *Developing Countries Fight Back*

Since the establishment of the WTO's predecessor – the GATT – in 1944, rich countries have tightly controlled the global trade agenda, using WTO rules to extract large concessions from poorer countries while maintaining both high tariffs and high subsidies for their own industries.

But at the WTO's 2003 meeting in Cancun, something different happened for perhaps the first time in almost 60 years: developing countries fought back. The biggest developing nations – China, India and Brazil – joined with small developing countries to form the “G20” group of countries. The G20 demanded that the US and EU make real concessions to the developing world if they wanted any further trade liberalisation. The developing countries' stand caused the Cancun meeting to collapse when the US and EU refused to cooperate.

In the lead up to the WTO's 6th Ministerial in December 2005 in Hong Kong, the US and EU have again demanded significant concessions from poor countries on services, and NAMA and offering very little in return. And while most developing countries have been hostile to these negotiations – since they are heavily weighted in favour of US and EU corporations – they may be forced to make a deal in order to get concessions from the US and EU on agriculture.

The concern among many observers is that once again the poor countries may give concessions without getting anything in return. The US proposal leading up to Hong Kong demanded that developing countries cut their tariffs more than rich countries, and in return, promising real cuts in its agricultural subsidies of only 2%.<sup>74</sup> Europe is also refusing to make substantial cuts to its multi-billion-dollar subsidy regime. The prospect of reaching an agreement of true benefit to the world's poor looks bleak indeed.

# How to Respond? One No, Many Yeses!



The problems with the current global economic system are significant and fundamental, but they are also resolvable. If we want a fairer, more environmentally friendly system, we need to reclaim our roles and rights as citizens to determine our own futures, including how, and with what values, our societies work. The choice before us is not between the rules of the current global economy on one hand, and the chaos of no rules on the other. Rather, we can devise a different set of rules, with different strategies and goals.



Corporate-led globalisation and free trade have been challenged by developing-world communities for decades, and more recently by people in the industrialised world. The tens of millions of people around the world have stood up to protest the WTO's policies. While the people of the world have risen together to oppose the WTO's unfair rules, they have advocated a variety of different solutions to the problem of the global economy. The slogan "One No, Many Yeses" encapsulates the idea that while we come together to oppose the current global economic system, there are many possible alternatives and many possible futures from which we have to power to choose.



# “Real” Free Trade as the Solution?



One response to the destruction wrought by the WTO’s unfair rules has been to demand “real” free trade instead of the corrupt agreements which constrain the developed world but allow the US and EU to do whatever they like.

“Real” free trade would mean the end of all subsidies to producers in the rich world, and “market access for both poor countries to rich markets, and rich countries to poor markets.

International aid agency Oxfam has been one of the proponents of this proposal, arguing that increasing exports from developing country can help reduce poverty: “export growth can be a more efficient engine of poverty reduction than aid.”<sup>75</sup>

Oxfam also suggests a range of reforms which would make the WTO fairer, including:

- A prohibition on rules like GATS which force countries to privatise basic services.
- New intellectual property rules which give poor countries the right to manufacture medicines and farmers the right to save seeds.
- A more democratic process for decision-making.<sup>76</sup>



*“Economic Integration in the global economy can be a source of shared prosperity and poverty reduction, or a source of increasing inequality and exclusion.*

*Managed well, the international trading system can lift millions out of poverty.”*

**– Oxfam, “Rigged Rules & Double Standards”<sup>77</sup>**

# More Fundamental Changes Needed at the WTO?



Many have also disagreed with Oxfam that freer trade is the answer to the problems of the global economy. Civil society groups like Via Campesina – an international organisation incorporating tens of millions of peasants, farmers, agricultural workers, rural women, and indigenous communities from Asia, America, and Europe – argue that the WTO can only serve the interests of the powerful countries which dominate it. Instead of more trade liberalisation, Via Campesina is demanding a “full cancellation of the Doha Round and a major rollback of the power of the WTO.”



Via Campesina argues that “a WTO trade deal . . . would have disastrous effects for rural economies world-wide and emerging industries in developing countries, creating more unemployment, poverty and increased pillage of natural resources by transnational corporations. Claims that increased liberalisation of international trade and the privatisation of natural resources and public services will create jobs and lift millions out of poverty are completely false. The contrary is the case!”

Instead of the WTO, Via Campesina suggests that “governments should assume their responsibility and set out policies at the national and international level that support and protect [agriculture, fisheries and public service] sectors, giving priority to domestic production and consumption in order to meet the interests and needs of their people. They should use the failure in WTO to take up the debate on international trade rules in other venues such as UN Food and Agriculture Organisation (FAO) and the UN Conference on Trade & Development (UNCTAD).”<sup>78</sup>

*“The WTO will not be able to continue in its present form. There has to be fundamental and radical change in order for it to meet the needs and aspirations of all.”*

– **Stephen Byers, former UK trade and industry secretary**<sup>79</sup>

# New Global Institutions Needed?



Some observers have suggested that the WTO needs to be replaced entirely by new global institutions to ensure fair trade. George Monbiot has suggested that the world needs a “Fair Trade Organisation” in order to balance trade between rich and poor countries and stop the exploitation of workers and the environment by powerful multinational corporations.<sup>80</sup>

Monbiot’s Fair Trade Organisation would prescribe and enforce environmental and human rights standards for all corporations which wanted to trade internationally, based on current International Labour Organisation (ILO) and UN standards. It would also prevent companies from monopolising global markets, and punish companies that flout human rights or environmental laws.

Walden Bello has advocated a strengthening of other international institutions like the UNCTAD and the ILO to counter the power of the WTO and move global economic governance “in a people-oriented direction”, moving from a focus on economic efficiency to “capacity building”. Such a move, he argues, must be part of a “paradigm shift” to a “more fluid, less structured, more pluralistic world, with multiple checks and balances.”<sup>81</sup>

Others have suggested a Global Environmental Organisation to create global environmental standards and offset the damaging powers of WTO rules.<sup>82</sup>

How such changes could be implemented is the real challenge. Perhaps the greatest potential for the development of new global institutions lies in the burgeoning social movements in countries all around the world that are fighting against free trade and corporate rule. Many of these social movements exercise forms of grass-roots democracy, collective organising and participation. These bottom-up social movements are networking increasingly within and across regions. They are developing systems of mutual solidarity that could eventually develop into new regional and inter-regional agreements.

# Re-Localisation as an Alternative?



Another option is shifting focus from the global to the local. Many people, especially in the developing world, suggest that we need to build local alternatives to the global economy, so that over time we can gradually wean ourselves off it.

“Relocalisation”, as this idea is often called, prioritises local environments, social systems, cultures, methods of economic activity and people’s needs over the global economy. It is about seeing and valuing in the local environment what the global economy commonly devalues, steps upon or abuses. Relocalisation envisages a world based on local communities that are much more self-reliant than we are now. These communities would actively trade (within the limits imposed by the ecological impact of this trade) with each other in things they are not self-reliant in. They could develop cooperative systems of connecting regionally to provide those services that are best met more centrally.

These regional systems of decision-making, however, would have less power than the world’s current system of nation-state governments. Democracy would be far more effective and localised. There would be less scope for political leaders to subordinate their people to serve the interests of the global economy, as many key decisions would be made by local community-based co-operatives.

*“We don’t like money and markets from abroad to rule our villages; we want our nature and hard work to be utilized by us only to fulfill the need of every citizen. Let the right to water, forest and land be with our village communities. Our hard work is for self-reliant, equitable distribution.”*

**- An Indian farmer group, in a letter to the Prime Minister of India demanding that he withdraw India from the WTO.<sup>83</sup>**



# What can you do?



## *Get Educated.*

This guide is just an introduction – why not find out a little more about these important global issues? Visit [www.tradewatchoz.org](http://www.tradewatchoz.org) for links to more resources and other organisations campaigning for global justice.



## *Get Active.*

Write letters to state and federal parliamentarians and newspapers voicing your opposition to WTO agreements, and drawing their attention to the effects of the agreements. Ask local councils to pass motions of opposition to these agreements.

Talk to friends and family about trade issues, join a local group campaigning on global justice issues or start one yourself! Other Australian groups active in this area include Friends of the Earth ([www.foe.org.au](http://www.foe.org.au)), Oxfam Australia ([www.oxfam.org.au](http://www.oxfam.org.au)), Australian Fair Trade and Investment Network ([www.aftinet.org.au](http://www.aftinet.org.au)) and Aid/Watch ([www.aidwatch.org.au](http://www.aidwatch.org.au)).

## *Support Resources Like This One*

If you've enjoyed reading this guide and you'd like to support Global Trade Watch to produce more resources like this, please consider becoming a member. You can find a membership application on the inside back cover of this guide.

*"It is the trade unionists, students, environmentalists – ordinary citizens – marching in the streets of Prague, Seattle, Washington and Genoa who have put the need for reform on the agenda of the developed world."*

- **Joseph Stiglitz, Former World Bank Chief Economist<sup>84</sup>**

# What can you do?



## *Wean off the Global Economy*

There's lots that ordinary people can do to reduce our reliance on the global economy and avoid the environmental and social impacts of the unfair trading system.

## *Voluntary Simplicity*

Voluntary simplicity involves reducing our spending and consumer needs, especially reducing our reliance on multinational corporations and their products. This reduces our ecological impact and frees up time to spend outside of the workforce and towards contributing to local communities.

## *Buy Close to Home*

For many products, especially food, it's easy to avoid the global, corporatised economy. "Farmers' markets" are a great alternative, with more than 100 springing up in cities and towns across Australia in the last few years. At a farmers' market, farmers from a local area sell their food direct to the public. Buying your food from a farmers' market means that it is locally produced, and the money goes straight to the person who grew it. It guarantees farmers a decent income, encourages face-to-face interaction, creates communities and avoids all the destructive effects of the global trading system. You can find a list of farmers' markets near you at [www.tradewatchoz.org/localfood](http://www.tradewatchoz.org/localfood)

Community food gardens, food co-operatives, and community-supported agriculture – where urban consumers purchase food from semi-rural or nearby rural farmers to support ecologically sustainable food production – are other ways in which you can be linked to local, organic and nutritious sources of food.

## *Other Alternatives*

Other local alternatives to the corporate economy include:

- The use of LETS (Local Exchange Trading Systems) and community currencies to help wealth stay within the local community.
- Community-owned banks, credit unions and community-based financial co-operatives, that avoid investing in the socially and environmentally destructive operations of transnational corporations, and which give the local community a major say in how money is loaned locally.
- Community-owned systems of renewable energy, based on solar, wind, biomass.

# What can you do?



## Buy Fair Trade Products

For products not produced locally, “fair trade” products – especially coffee, tea and chocolate – are now available in shops across Australia. Fair trade is a trading partnership, where companies guarantee small farmers a fair price for their crops, regardless of the vagaries of global markets. Fair Trade contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers in the developing world. It also often supports more environmentally-sustainable farming practices.



The Fairtrade Labelling Organizations International (FLO) is the global umbrella body for Fairtrade certification and labelling. Products certified by FLO carry the FAIRTRADE label (pictured), which is an independent guarantee that the product meets international standards benefiting the producers, their families and communities in the developing world.

Over 500 small-scale producer groups participate in the Fairtrade system, benefiting over one million producers, workers and their dependents in more than 50 developing countries. Annual sales of Fairtrade labelled products around the world reached an estimated US\$1 billion for the first time in 2004, generating around US\$100m in additional income for producers.<sup>85</sup>

*“The most important contribution of the Fairtrade Labelling system is in my eyes that our “dignity as a human being” is recovered. We are no longer a plaything of the anonymous economic power that keeps us down.” - Isaías Martínez, Union of Indigenous Communities of the Isthmus Region, Mexico<sup>86</sup>*

By buying Fairtrade labeled products, you can help support small farmers and help to undermine the impacts of unfair trade rules imposed by the WTO. Look for Fairtrade labelled coffee, tea and chocolate (with more to come!) in wholefood stores and some supermarkets around Australia. Ask your local businesses to stock and use Fairtrade labelled products, or visit the Fair Trade Association’s website [www.fta.org.au](http://www.fta.org.au) to find a supplier near you.

# Join Global Trade Watch



If you have enjoyed this guide, please consider supporting Global Trade Watch to fight for environmentally-friendly and fair global and local trading systems, by becoming a GTW member.

Just fill in this form and return it together  
with your cheque/money order to:

Global Trade Watch, PO Box 6014, Nth Collingwood, Vic, 3066, Australia.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

State: \_\_\_\_ Postcode: \_\_\_\_ Phone (H): \_\_\_\_\_ (Mob): \_\_\_\_\_

Email Address: \_\_\_\_\_

**\* I enclose a cheque/money order made out to “Global Trade Watch”  
for the amount of (please tick one):**

**\$22** - Concession/Low Income Membership - 1 Year

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**\$90** - GTW Supporter Membership - 1 Year

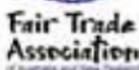
**\$\_\_\_\_\_** - Regular membership plus a donation of \$\_\_\_\_\_

*\* In return for joining Global Trade Watch, I will receive a free annual subscription to Global Trade Watch's new magazine, periodic discounts on books on globalisation & trade, and the Global Trade Watch monthly email newsletter.*

**ALL REFERENCES FOR FOOTNOTES ARE AVAILABLE AT:**  
**[www.tradewatchoz.org/guide/references.html](http://www.tradewatchoz.org/guide/references.html)**

The World Trade Organisation: An Australian Guide is an introduction to this powerful organisation and the impacts of its policies on people and the environment.

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