

The World Trade Organization and Forests

For many people around the world, the relationship between the World Trade Organization (WTO) and the future of forests appears to be difficult to perceive. The following briefing aims at assisting people to understand those links and therefore to facilitate their involvement in the struggle to radically modify the current corporate-led approach to international trade.

The 1992 Earth Summit raised great expectations for the future of the world's environment. The agreements coming out of that global meeting of heads of state -- Agenda 21, the Conventions on Biological Diversity, Climate Change and Desertification and the Forest Principles -- were perceived by the public as initial steps in the right direction.

But those same agreements were overshadowed three years later, when governments concluded the Uruguay Round of GATT and created the World Trade Organization (WTO), a much more powerful international body. Since its inception, the WTO has undermined the agreements reached in Rio by replacing the environmental agenda with the corporate push for indiscriminate international trade.

What communities affected by "free trade's" negative impacts and many activists said in Rio, what they continued to say at the WTO negotiations before, during and after Seattle, and what they are saying today is that international trade should be promoted if and only if it clearly results in better forest conservation. If it doesn't, it should be scrapped, they say.

Free Trade's True Impacts

These arguments are based on the objective reality of trade's impacts on the world's forests. That reality in the tropics shows that increased trade of all sorts of goods -- ranging from logs to aluminum, from shrimp to palm oil to soya beans -- results in forest destruction and the impoverishment of local communities.

For those communities, more international trade means more problems. In Sarawak, Malaysia, the Penan indigenous people barricaded roads to prevent logging aimed at the international market. "We depend on these forests for our survival... We have no choice but to stop them by force" says Penan chief Ajang Kiew Ajang.

In Guatemala, police and security guards recently killed two residents of a fishing community, Moytin Castellanos and Fernando Chiyoc, and badly injured many local people for defending their mangrove forests against export-oriented shrimp farming.

In the Philippines the army is terrorizing the local population to pave the way for large scale timber plantations for export. Joel Virador, the secretary-general of Karapatan in Southern Mindanao, has said that the new plantations would give rise to the same abuses

experienced in Talaingod and elsewhere. "We are certain of that because it has been our sad history that every time certain economic interests are implemented in Mindanao, they are preceded by heavy military deployment and, consequently, abuses", he said.

In Brazil and Paraguay large expanses of forests are being substituted with soya bean crops aimed at the European market. Guyana's primary forests are being destroyed by foreign mining corporations, also for export. The list of these kinds of examples is practically endless.

However, in spite of the clear links between international trade and forest destruction, more of the same is being promoted as the "solution" to the problem. Within such an approach, the WTO is central in creating the legal framework to ensure that national governments will comply, not with forest conservation, but with opening up their forest lands to foreign investment linked to international trade.

Of course corporations are more than happy with this. In reference to the elimination of tariffs W. Henson Moore, president and CEO of the American Forest & Paper Association, laid out the industrial viewpoint prior to the Seattle WTO conference by saying: "We're thrilled [United States Trade Representative] Ambassador Barshefsky and her staff will have ATL [accelerated tariff liberalization] on a front burner out in Seattle." He was probably less "thrilled" with the outcome of that meeting.

The implementation of the corporate agenda is expressed in antiseptic terms such as "ATL" and the "removal of tariff and non tariff barriers" to trade in forest products. This obscure wording hides the enormous social and environmental devastation that free trade entails.

Among other things, it will result in cheaper forest products, thereby increasing consumption, which is precisely the opposite of what the world's endangered forests need. It will also result in governments having to open up their countries' forests to transnational corporations with no long term interest in conserving those forests, but bent on achieving the highest profits possible. It will imply that national laws aimed at forest protection or at creating more jobs through the banning of exports of non-processed logs will be considered "non-tariff barriers to trade" and thus subject to legal sanctions. The same could happen with eco-labeling. In all cases, national governments would be made to comply with WTO rules even against the needs of their own populations.

Free Trade vs. Sustainable Development

The reasons the WTO agenda has run so roughshod over the globally agreed upon need to conserve the world's forests are rooted in the 1992 Earth Summit. In fact, the WTO agenda was already present in Rio, which partially explains why no real agreements on forest protection were reached there and why the Forest Principles are not legally binding. Instead the Rio agreements paradoxically reflect both the positions: the stance of those honestly trying to achieve forest conservation and the interests of logging-trade lobby.

For instance, the Forest Principles state that "forests are essential to economic development and the maintenance of all forms of life" and that "forest resources and forest lands should be sustainably managed to meet the social, economic, ecological, cultural and spiritual needs of present and future generations." Additionally, they stress the need for "a supportive international economic climate conducive to sustained and environmentally sound development of forests in all countries," including "the promotion of sustainable patterns of production and consumption, the eradication of poverty and the promotion of food security." All the above can probably be supported by everyone concerned with ensuring the conservation of forests.

On the other hand, the international trade lobby did their work well and managed to include their own strategic thinking. The Forest Principles go on to state that "trade in forest products should be based on non-discriminatory and multilaterally agreed rules and procedures consistent with international trade law and practices. In this context, open and free international trade in forest products should be facilitated." This can be understood as meaning increasing international trade, under the rules and procedures of what some years later became the World Trade Organization. In fact, in a tremendous contradiction, much of the Earth Summit language equates "free trade" with "sustainable development."

While the Forest Principles should be in line with the spirit of the Earth Summit -- and with its legally-binding conventions -- which express humanity's desire to protect the world's forests, environmentally destructive free trade is, in many respects, winning out.

One of the reasons free traders have gained the upper hand is that there is currently a legal hierarchy, ranging from "soft" to "strong" international law. The Rio Conventions are considered as being "soft" laws that may or may not be complied with (and the Forest Principles are not even a law). Meanwhile the WTO represents law that will be effectively enforced through tough economic sanctions. This discrepancy is obviously unacceptable to environmentalists and forest communities.

The WTO must be made to work within the existing international law, which includes a large number of social and environmental agreements. Within the Earth Summit framework alone, this means complying with the three conventions: biodiversity, climate change and desertification.

Given that deforestation and forest degradation result in a loss of biodiversity, in increased carbon dioxide emissions and in desertification, it is clear that the WTO should not promote international trade that results in forest loss, because it would be contrary to the aims of the legally-binding Rio conventions.

The Spirit of Seattle and the Spirit of Rio

Regardless of the obvious difficulties involved in subordinating the WTO to environmentally sustainable and socially just development, what's wrong needs to be changed. Bringing back the spirit of Rio may prove to be a good starting point to begin the necessary transformation of the WTO.

What happened in Seattle in 1999 was clearly an expression of that same spirit, as thousands of people, young and old, from all over the world successfully challenged the WTO's plans to become the global hegemonic player, deciding the Planet's future on corporate terms.

However, it is important to stress that Seattle didn't just "happen." It was the result of many years of work by many people, from the local to the global level, which raised the necessary awareness about the issues and the necessary organization to effectively oppose it.

While the WTO tries to out-manuever the opposition movement by deciding to meet in Qatar -- now probably not perceived as the safe haven it was thought to be at the time -- people around the world continue working to change what's wrong, from opposing forest destruction resulting from logging, dam building, mining, shrimp farming, export-oriented crops, to creating alternatives to the prevailing corporate model.

Ten years after Rio, people representing those movements will also return to Earth Summit II next year in South Africa. This will be an unique opportunity for bringing back the spirit of Rio and taking on the socially and environmentally destructive forces represented by the WTO.

(The above is based on Ricardo Carrere's article "The WTO, forests and the Spirit of Rio", published in the November 2001 issue of "CorpWatch")

WRM Statement on the WTO Ministerial Conference, Seattle November 30-December 3, 1999

The WTO and the future of forests

When the 1992 Earth Summit took place, it seemed as though governments had finally recognized that the world's environment was in trouble and that something needed to be done to save it. A number of important conventions were agreed upon regarding biodiversity, desertification and climate change, while forest conservation was taken up by the UN Commission on Sustainable Development. Although economic interest was present in all those processes, it seemed to be in relative balance with environmental concerns. But now the World Trade Organization has taken over the scenario and -unless opposition shows sufficient strength- will wipe out all the positive -though weak- steps taken during the past seven years for the protection of the environment.

Regarding forests, the WTO has become the chosen arena to protect corporations' interest threatened by environmental rules. Some few powerful corporations have managed to introduce their agenda by means of some few powerful governments. Their message is clear: if forest protection implies less profits, then it must be declared illegal. Corporate

interest must prevail and current national and international environmental legislation will be considered as anti-"free" trade and subject to reprisals.

The corporate WTO agenda includes the elimination of a number of "barriers to trade" in forest products. Those so-called barriers are tools that countries use to either protect their economy or the environment, or both. For instance, import and export tariffs increase forest products' prices and therefore lead to less consumption. Although clearly insufficient to address current overconsumption patterns, this is good for forests and bad for corporations. They are thus proposing further tariff reductions on forest products.

There are a number of measures which governments may use to protect forests while at the same time generating more jobs and export earnings, such as log export bans which -when accompanied by other complementary measures- can be beneficial for forests and people. Again, these measures are good for forests and bad for corporations. Their proposal is therefore that these should be considered as "non-tariff measures" against free trade and should be banned. Even certification schemes and legislation requiring recycling and waste recovery could be seen as barriers to free trade and considered illegal.

All the above is being pursued by corporations in spite of the worldwide acknowledgement that forests continue disappearing at an alarming rate -particularly in the tropics and in the boreal region- and that this trend needs to be halted if humanity is to have a future. The direct causes of this environmental disaster include logging, agricultural expansion, pollution, road building, mining, oil exploitation and hydropower. Behind those direct causes are the underlying causes, which include inequitable land tenure patterns, the lack of recognition of local communities' legal rights, social exclusion, ever increasing trade linked to over-consumption and a flawed international trade system. Logging is now seen as the most important direct cause of loss of primary forests, often leading to conversion of forests to agriculture and cattle-raising. Despite attempts at several levels to stop the forest crisis, the overall situation is not improving.

The upcoming WTO meeting in Seattle, and the trade negotiations that will follow it, could aggravate this situation. Trade in itself is neither good nor bad for forests: it depends on whether forest conservation policies are well developed and implemented, legal rights of local communities are respected and if there is equal access to land. However, further liberalisation of forest products and other sectors, combined with the current poor state of forests and inadequate forest conservation policies, will result in unsustainable logging and further degradation of forests. It will also lead to the substitution of forests by other activities such as agriculture and large-scale tree and oil palm plantations, and result in more social injustice.

The agenda for further WTO negotiations has not yet been set but forests could be affected if the following issues are put on the negotiating table:

- **Further tariff reduction on forest products.** This could take place either through the European Union's proposed negotiations on reducing non-agricultural product tariffs or through the USA's proposed 'Accelerated Tariff Liberalisation' (ATL) in the forest sector. Reduction of import tariffs will lead to increased consumption of those forest

products which currently encounter high tariff levels -such as furniture and veneer- exacerbating the problems associated with already high consumption levels. Although this could benefit the economy of some Southern countries -such as Indonesia and Malaysia- it could at the same time result in negative impacts on their forests if not accompanied by other measures -such as certification- which the WTO also aims at eliminating as "non-tariff barriers to trade." A US Government sponsored impact study on forests of the ATL proposal predicts an increase in timber harvest in Indonesia and Malaysia by 2 to 4.4%, and in Sweden and Finland by 7 to 11%.

- **Non Tariff Measures to protect forests.** Also potentially on the table are talks on reducing 'Non-Tariff Measures' (NTMs). These negotiations could be used to get rid of some NTMs currently in place to protect forests and forest peoples. Activities which could be branded NTMs and subject to reduction/prohibition are eco-labelling and forest-certification, import/export quotas, log export bans, requirements for recycling and waste recovery and subsidies. Most of these measures have been put in place to conserve forests or protect forest-dependent communities and such policy choices should not be restricted through the WTO.
- **Liberalisation of the agriculture sector.** There will definitely be negotiations on agriculture as it is part of the so-called 'built-in agenda'. Although some agricultural liberalisation could be environmentally and socially beneficial (i.e. reducing production-related subsidies), other measures are expected to have a major impact on forests. For example, tariff reductions in sectors like palm-oil could increase pressure to convert forests for oil-palm plantations. This highlights the need for a much better understanding of the impacts of agricultural liberalisation on forests.
- **Investment.** There is already a limited WTO agreement on investment measures and the European Union is pressing for the negotiation of further investment rules. If a wide-ranging agreement is reached on investment, it could further restrict the ability of governments to place conditions and restrictions on inward investment in the forest sector. For example, requiring inward investors to undertake a joint venture with a local forest firm (in order to improve accountability and facilitate technology and skills transfer) could be prohibited.
- **Government procurement.** The European Union is also pressing for government procurement rules to be on the negotiating agenda. Governments and local councils can currently use their purchasing power to help alleviate forest problems. This includes specifying the use of sustainably produced timber and buying recycled paper. Such actions could be deemed discriminatory and thus become illegal if government procurement disciplines are introduced into the WTO.

All the above will be put forward in the Seattle ministerial conference, amid strong opposition from thousands of civil society representatives coming from all over the world to make their voices heard. The struggle will not be against trade in itself, but against the prevalence of corporate interest over the interest of peoples and their environment. People and nature are not mere "resources" for the achievement of profits regardless of the

consequences to the local and global environment. Forests are not stands of timber waiting to be logged to increase corporations' profitability. They are the home of many peoples, the habitat of countless animal and plant species, a crucial element for climate stability, for ensuring fresh water supplies, for the conservation of soils. Their conservation must therefore prevail over corporations' economic profits.

The majority of governments that will be negotiating in Seattle are the same ones that approved the Earth Summit's Agenda 21, have already signed the Convention on Biological Diversity, the Climate Change Convention, the Intergovernmental Panel on Forests' Proposals for Action. However, the WTO and its members have until now chosen to ignore the potential adverse effects of trade liberalization on forest ecosystems and forest communities. They have failed to assess the environmental and social impacts of timber trade liberalization and liberalization in other sectors that affect forests and forest peoples. The WTO and its members have also failed to adequately involve civil society in timber trade and other liberalization discussions.

Many of the issues that could be put on the negotiating table at the upcoming Seattle Ministerial Conference reflect an economic agenda that prioritizes trade liberalization as an end in itself rather than as a means that, in some circumstances, may be useful for improving our quality of life. This agenda does not take into consideration the concerns of the people and communities who are ultimately affected or the potential impacts on the environment.

We therefore demand that no trade negotiations are agreed upon, until a serious, independent and participatory assessment is carried out to determine which trade-related measures might impact positively and which might impact negatively on forests and forest peoples. If governments are truly concerned -as they say they are- about the fate of the forests, then this could not be seen as a "barrier to free trade", but as a precautionary measure to protect the forests in order to achieve future levels of trade compatible with the conservation of forests and the livelihoods of forest peoples. At the same time, we demand that governments adhere strictly to the existing international agreements on biodiversity, climate and forests and ensure that trade-related agreements are not contradictory with the aims of those international instruments.

The future of humanity is at stake and government delegates will have to define whose interests they will defend: their peoples' and forests or corporations and environmental destruction.