



**Submission to Trade, Foreign Affairs and Environment Ministers,
Members of the Committee 133, the European Commission and
European Parliament**

After Cancun: The way forward

A number of arguments have been used to explain the failure of the Cancun Summit: the "medieval" negotiating process of the WTO, the negotiating strategy of the EU and US, the sheer range of issues on the table and tactics played by the different delegations. All of them are to some extent relevant.

Beyond these short-term views, the failure of the WTO negotiations should, however, be seen in a wider context. Far from an isolated event, it marks a further step in the worsening of a "systemic" crisis, which must be urgently addressed by the global community. In recent years, the international institutions - the GATT/WTO, the Bretton Woods institutions and the UN bodies - have proved themselves unable to perform the tasks they were created for half a century ago: to regulate trade and financial markets, eradicate poverty, promote sustainable development and promote peace.

An important reason for this is the weakening of the UN system and the greater political weight that was given to the economic institutions with their narrow focus on liberalisation and deregulation.

In the last twenty years, the liberalisation process has been conducted through an aggressive strategy, leading to an astonishing level of global economic and financial integration. The creation of wealth has reached an unprecedented level, but gaps between rich and poor increased and the environment has been destroyed at an unprecedented rate.

The WTO pursues liberalisation as an end-goal. It is not a policy-making body and cannot deliver the kind of political outcomes citizens expect. It continues to operate according to an outmoded economic model, based on unsustainable and contentious rules, that endanger the whole multilateral system. A lesson to be drawn from Cancun's failure is that we have reached the limits of the WTO as an institution.

In recent years, the WTO extended its work programme into new areas, frustrating more appropriate institutions by limiting the scope of their competencies. If a trade organisation is needed and legitimate in the institutional framework of global governance, it has to be brought back under the UN umbrella, and the scope of its competencies reduced in favour of more legitimate UN institutions.

The environmental organisations reaffirm their support to a multilateral rules-based system. But to unlock the current political blockage, it is essential to find a way to promote rules and bring democracy into international politics, ensure that citizens have a voice, and that public interest drives international policies.

The UN, to which this role was originally given, is currently the sole legitimate supranational body that can endorse and play this role.

The EU has a unique experience of continuous supranational integration and, therefore, should take the lead in identifying the impediments and failures of the system of global governance, and address these problems with its foreign partners in order to find a collective answer.

In the way forward, post-Cancun, global governance issues and UN reform must therefore be the priority for EU external policy.

Otherwise, the gradual weakening of the multilateral system will in return weaken the European Union, and this could signal the end of hopes and ambitions unanimously voiced: to create a stable, fair and sustainable system that would allow people to live together in peace.

Based on a new set of rules and principles, the reform should imply a shift in focus away from trade liberalisation as an end in itself, towards the goals of sustainable development, poverty eradication, enhanced global stability, equity and justice, and ecological protection.

In the aftermath of the failed Cancun Ministerial Conference, the European Commission has initiated a reflection process on the underlying principles of the EU's trade policy and its stance on international governance issues. On 2 December, EU Trade Ministers will meet in Italy to agree a new EU strategy on WTO and Trade that will be approved by the General Affairs Council on 8 December. On this occasion, Greenpeace and Friends of the Earth Europe urge you to take into consideration the following recommendations:

1. Strengthen Environmental Governance

In the light of the worsening environmental crisis, and the recent US case against the EU on GMOs, the EU must stand at the forefront of advancing a global governance system in which trade rules do not limit or undermine environmental protection, and respect the authority and autonomy of the Multilateral Environmental Agreements (MEAs).

The WTO is a trade organisation and is, thus, not the appropriate body to negotiate environmental issues. The risk of proceeding with negotiations at the WTO is too high. Furthermore, in view of the failure of Cancun, it seems increasingly difficult to foresee an outcome of the 'trade and environment' elements of the negotiations that will put sustainable development first.

While the WTO must take into consideration environmental impacts in each and every set of negotiations, and comply with existing and future MEAs, it does not have the competence to negotiate and decide on environmental issues like trade measures related to MEAs, the use of eco-labelling schemes, and the definition of environmental goods and services.

Therefore, and as an alternative, we urge the EU to strengthen MEAs, their compliance and dispute-settlement mechanism and environmental governance within the UN system. The EU should support the development of a stronger network of environmental organisations, including UNEP, its Governing Council and MEAs, to take the lead in trade and environment discussions. Such a network would be legitimate and should be central in addressing the relationship between MEAs and the WTO, ecolabelling, environmental goods and services and other issues.

2. Drop the Singapore Issues and develop binding corporate accountability rules

The EU's insistence on including the Singapore issues in the WTO has been massively rejected by most developing countries and civil society groups. It was a major factor leading to the breakdown of the negotiations in Cancun. The sheer number and weight of issues on the table of the WTO was an additional factor in the collapse of the trade talks. After no decision was made on the modalities of negotiations for the Singapore issues in Cancun, the Doha mandate for discussions on these issues has expired.

Therefore, we urge the EU to drop once and for all the Singapore issues from the WTO agenda, and revise accordingly the negotiating mandate of the European Commission. This decision will give a positive signal to developing countries that the EU draws the right conclusions from the failure of Cancun, and is prepared to respect the will of the majority of WTO member states.

Instead of further liberalisation and corporate rights, any framework governing international investment should focus on the development of binding corporate accountability rules. Such rules, the development of which we cannot foresee within the WTO, should be pursued through the UN. Therefore, we urge the EU to promote the development of an intergovernmental framework of corporate accountability, in accordance with the commitment it made at the UN World Summit for Sustainable Development in Johannesburg in September 2002.

3. The need for sustainability impact assessments

The existing WTO agreements and the broad set of trade negotiations under the 'Doha Development Agenda' have huge implications for the environment and people's lives. Current WTO negotiations, including in the fields of agriculture, services, intellectual property and non-agricultural goods threaten to have negative environmental consequences.

The EU must take the lead, ensuring that trade negotiations are conducted from a sustainable development perspective securing that no negative environmental and developmental impacts can be anticipated.

Therefore building on paragraph 51 of the Doha Ministerial Declaration, the Committee on Trade and Environment and the Committee on Trade and Development shall each act as a forum to "identify and debate developmental and environmental aspects of the negotiations, in order to help achieve the objective of having sustainable development appropriately reflected".

In order to do so an independent review of WTO decisions, rules is necessary to determine whether they promote the development of sustainable societies and to ensure that they are compatible with existing UN treaties on the environment and human rights. Such an assessment needs to be carried out before the launch of any trade negotiations by UNEP and other appropriate UN institutions.

In the European Trade policy too, the central aim must be to contribute to the overarching goal of sustainable development. In order to achieve this it is necessary to make Sustainability Impact Assessments more comprehensive and policy oriented and integrate their results into the decision making process.

This includes that:

- SIAs are conducted early enough to have an impact on the policy making process.
- All relevant departments of the Commission are equally involved in the process.
- The process is open, transparent and include all relevant stakeholder
- The Committee 133 and European Parliament is discussing the results and policy recommendations on a regular basis, with a view to ensuring delivery on the negotiating objectives and mandate.
- A follow-up mechanism on the implementation of the results is established

4. Reform the internal decision making processes of the EU in order to make them more accountable, transparent and responsive to sustainability issues

The European Parliament needs to play a central role in setting the EU's trade policy objectives, and in the review of these where this proves necessary. The current IGC on the European Constitution should therefore broaden the European Parliament's competencies and involve it fully into the decision-making-process on definition and review of negotiation mandates as well as assent on the conclusion of all trade agreements. It should thereby be fully involved and informed on the progress of negotiations in a timely and comprehensive manner.

Procedures should also be implemented to ensure that Member States are fully appraised of processes in Brussels, such that, where provisions exist, national parliaments are able to input to these.

The internal processes of the Committee 133 should become more transparent and inclusive:

- The agendas of 133 Committee meetings should be made public prior to and the results published soon after each meeting.
- Proposals for the 133 Committee should be produced and circulated in a timely manner to allow for full consultation with other Directorates General and the completion of consultative processes in Member States and in the European Parliament, prior to their discussion.
- In accordance with its greater involvement in external trade, members of the relevant Committees of the EP should participate in the meetings of the C133, as called for by the EP in its resolution 2001/2093(INI).

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Greenpeace aims to ensure that the European Union (EU) acts to protect and improve the quality of the environment. Our European Unit in Brussels analyses new developments in EU environmental policy and law, exposes the shortcomings of existing EU policies and provides information about alternative solutions.

Friends of the Earth Europe campaigns for the protection of the environment and the creation of sustainable and fair societies, uniting 30 national member organisations with thousands of local groups. FoEE is part of the world largest grassroots environmental federation.