



Why the European Union should oppose the  
inclusion of forests, fisheries and minerals in the  
WTO's NAMA negotiations

Briefing paper for the European Commission,  
EU member states and MEPs  
November 2005

# Why the European Union should oppose the inclusion of forests, fisheries and minerals in the WTO's NAMA negotiations

## **1. Natural resources are linked to poverty reduction**

It is increasingly recognized, including at the intergovernmental level, that access to natural resources is a key aspect of both avoiding and escaping poverty.

The UN Millennium Ecosystem Assessment, for example, states that, *"the degradation of ecosystem services is harming many of the world's poorest people and is sometimes the principal factor causing poverty."* (emphasis added) It also argues that, *"The world's poor depend disproportionately on ecosystem services to provide for their systems of small-scale agriculture, grazing, harvesting hunting and fishing. Without access to infrastructure providing safe drinking water, electricity, fuel and transportation, poor people rely on natural sources of clean air and water, fertile soil, renewable energy and biodiversity to meet their needs."*<sup>1</sup>

*"The Wealth of the Poor: Managing Ecosystems to Fight Poverty"*, a recent report from the World Resources Institute, the World Bank, the United Nations Environment Program and the United Nations Development Program, also argues that natural resources represent a route out of poverty for the impoverished: *"three-fourths of them live in rural areas; their environment is all they can depend on. Environmental resources are absolutely essential, rather than incidental, if we are to have any hope of meeting our goals of poverty reduction."*<sup>2</sup>

In addition, the Food and Agriculture Organization published a research report on the links between trade and sustainable forest management in 2004. It found that, *"In many developing countries, domestic forest products trade is important for economic development and the livelihoods of rural communities, even if it may appear to contribute relatively little to gross national product."*<sup>3</sup>

### ***i) Forests and livelihoods***

According to FAO, *"more than 350 million people living in, or next to dense forests rely on them for subsistence or income"*. Sixty million indigenous people are almost wholly dependent on forests. A further 13 million people are employed in the formal forestry sector.<sup>4</sup>

---

<sup>1</sup> Millennium Ecosystem Assessment (2005). Ecosystems and human well-being: synthesis. Washington D.C., Island Press.

<sup>2</sup> United Nations Development Programme, United Nations Environment Programme, The World Bank, World Resources Institute (2005): Report Series: World Resources 2005 -- The Wealth of the Poor: Managing ecosystems to fight poverty, New York. See <http://population.wri.org/worldresources2005-pub-4073.html>

<sup>3</sup> See [www.fao.org/documents/show\\_cdr.asp?url\\_file=/docrep/008/y5918e/y5918e02.htm](http://www.fao.org/documents/show_cdr.asp?url_file=/docrep/008/y5918e/y5918e02.htm)

<sup>4</sup> See

<http://www.fao.org/forestry/foris/webview/forestry2/index.jsp?siteId=5361&siteTreeId=20188&langId=1&geold=0>

## ***ii) Fisheries and livelihoods***

The fishing industry provides livelihoods and essential nutrition for millions of people across the globe. Fish accounts for over 15% of animal protein intake globally, and is an important factor in national food security for many developing countries.<sup>5</sup> Furthermore, developing countries provide 70% of all of the fish consumed by people worldwide, although most of it is channeled to wealthy nations.<sup>6</sup> Ninety percent of fishers worldwide nearly 40 million people are employed in small-scale artisanal fishing and are responsible for 45% of global fish production.<sup>7</sup> However, these small-scale fishermen and women are overwhelmingly poor.

## **2. Natural resources are already in a severely depleted state**

About one quarter of the land area of the world – or 3.7 billion hectares – is covered by natural forests. Existing forests are already diminishing fast. Over 56,000 square miles of natural forest are lost each year. Fifty-seven percent of the world's forests, including most tropical forests, are located in developing countries and more than 50 percent of the world's terrestrial species are found in tropical forests.<sup>8</sup> Primary forests -- that is forests with no visible signs of past or present human activities -- account for 36 percent of total forest area, but are being lost or modified at a rate of 6 million hectares a year through deforestation or selective logging.<sup>9</sup>

Fishing stocks are being depleted globally due to increased fishing by fleets from industrialized countries, some of which have commercial agreements with developing countries to fish in their waters. Although fish capture from the wild has stagnated in the past 10 years, even decreasing in the last recorded years (2001-2002), the world's supply of fish is nearly exhausted with over 70% of wild fish stocks fully exploited, overexploited, or depleted. Any additional overfishing - which could be triggered through trade liberalization agreements - will cause species to become commercially extinct and seriously hinder the process of their regeneration.

## **3. Proposed NAMA negotiations could increase rates of natural resource depletion and undermine livelihoods globally**

### ***Tabled proposals in NAMA***

Natural resources would be affected by proposals currently on the table as part of the Doha negotiations in a number of ways.

i) Firstly, the following sectors have all been proposed for a 'sectoral' approach with a view to complete liberalization (the so-called 'zero for zero' initiatives):

- **Forest Products**, TN/MA/W/64, 18 October 2005, Canada, Hong Kong China, New Zealand, Thailand and the United States

---

<sup>5</sup> Food and Agriculture Organization Fisheries Department (2004), *The State of World Fisheries and Aquaculture*, Rome.

<sup>6</sup> Ibid.

<sup>7</sup> Sebastian Mathew, *Managing Artisanal Fisheries*, International Collective in Support of Fishworkers. See [www.icsf.net/jsp/english/presentations/presentationDocs/1117619186883](http://www.icsf.net/jsp/english/presentations/presentationDocs/1117619186883)

<sup>8</sup> See <http://www.worldwildlife.org/forests/basic/facts.cfm>

<sup>9</sup> See <http://www.fao.org/newsroom/en/news/2005/1000127/index.html>

- **Fish and Fish Products**, TN/MA/W/63, 18 October 2005, from Canada, Iceland, New Zealand, Norway, Singapore and Thailand
- **Gems and Jewellery**, TN/MA/W/61, 21 September 2005, from Hong Kong China, Japan, Taiwan (and others), Singapore, Thailand and the United States
- **Primary aluminium**, TN/MA/W/37/Add.1, 28 May 2004, United Arab Emirates (this paper also contains a proposal to table *all* raw materials for sectoral tariff elimination).
- **'Addendum' (includes lists of ores, oil and copper products)**, TN/MA/W/37/Add.2, 28 May 2004, United Arab Emirates

ii) Secondly, all natural resources would be included under the formula-based aspects of the negotiations. If these do 'bite into applied tariffs' as the European Commission is hoping, there are also likely to be negative social and environmental impacts although possibly on a lesser scale than zero for zero initiatives. However, this is still a major issue, so cannot be dismissed.

WTO proposals to fully eliminate tariffs in both of these sectors could have extremely serious economic consequences for people dependent upon forests, fisheries and other natural resources for their livelihoods, including loss of access to and destruction of the natural resources (and land) upon which they traditionally depend

With respect to the forest sector, for example, the European Commission's Sustainability Impact Assessment (SIA) states that: "*Trade liberalization can accentuate negative sustainability trends unless appropriate forest governance systems are in place and enforced*". Such systems are clearly not operating in many countries and further liberalization should therefore *not* take place.

The SIA also states that, "*in principle small incremental changes can result in **significant negative sustainability impacts** in individual countries with sustainability and governance problems*" (emphasis added), and that, "*in biodiversity hotspot countries, such as Brazil, Indonesia, Congo Basin countries, and Papua New Guinea, possible negative impacts on biodiversity can be irreversible.*"<sup>10</sup>

Yet it is Brazil who the EU are pushing for maximum liberalization under NAMA despite huge deforestation, illegal logging and other governance problems and despite the critical role the Amazon plays in regulating climate change. Such proposals are simply not the product of joined up thinking on poverty, climate and sustainability.

Proposals to eliminate tariffs on fish and fish products will have serious negative impacts on fish stocks if accepted. Almost 70% of tradable fish is still obtained from wild harvest, which already places extreme pressure on the oceans' resources. The proposed tariff reductions in the NAMA negotiations will increase incentives to fish internationally, especially with large commercial trawlers, in turn fuelling further exploitation. Artisanal

---

<sup>10</sup> Katila, M. and Simula, M.: Sustainability Impact Assessment of Proposed WTO Negotiations: Final Report for the Forest Sector Study (2005), Executive Summary, Helsinki, Savfor Indufor Oy in cooperation with the Impact Assessment Research Centre, the Institute for Development Policies and Management University of Machester, UK.

fisheries are more rational and equitable than industrial fishing fleets in their exploitation of fish resources. The cumulative loss of artisanal ecological knowledge will seriously undermine the appropriate management of fish resources.<sup>11</sup>

In addition, there could be negative impacts on forest and fishing-related industries in developing countries protected by high tariffs, which could *"incur considerable environmental and social costs due to downsizing of the industrial capacity and closing some industries entirely."*<sup>12</sup>

With respect to fisheries, 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. If coastal nations with strong domestic markets such as Ghana and Cameroon are forced to lower tariffs under liberalization, the likelihood exists that imports will be forced upon them, undermining local fishing industries and food security.

Food security is also likely to be affected as the decline of fisheries accelerates and as large commercial trawlers suck up all the high-quality fish for export. Only low-quality fish will be left for artisanal fishers to feed their communities.

iii) Thirdly, under the non-tariff measures negotiations the European Communities and Japan are also calling for the removal of export tariffs and quantitative restrictions and explicitly include forests:

- Non-Tariff Barriers, TN/MA/W/11/Add.3, 1 April 2003, European Communities
- Non-Tariff Barriers negotiations, TN/MA/W/46/Add.7, 8 November 2004, Japan

iv) Fourthly, other countries have notified a range of various non-tariff measures which may impact on existing and proposed European legislation. Since many of these non-tariff measures are in fact critical for reducing impacts on natural resources, they also represent an attempt by the WTO to rollback vital environmental and social protections. For example, although no specific European labeling or certification standards are named, the generic challenges listed so far could have a very serious negative impact in Europe, potentially dismantling the forest certification schemes, government timber procurement policies (which may specify certain certification schemes) and EU illegal logging legislation, which will soon require certificates of legal origin from certain importing countries. The same applies to various chemical regulations. In this way government negotiators in the WTO are undoing years of work in areas like FLEGT and REACH.

#### **4. Strategic opportunities to remove natural resources from WTO negotiations**

The links between increased trade in natural resources and potential impacts on poverty, employment and livelihoods have not figured in the WTO's NAMA negotiations to date. They urgently need to be integrated, before it is too late.

---

<sup>11</sup> Source: Research from Friends of the Earth US due to be published shortly.

<sup>12</sup> Katila, M. and Simula, M.: Sustainability Impact Assessment of Proposed WTO Negotiations: Final Report for the Forest Sector Study (2005), Executive Summary, Helsinki, Savfor Indufor Oy in cooperation with the Impact Assessment Research Centre, the Institute for Development Policies and Management University of Macheater, UK.

In addition, developing countries are also objecting to the EU's aggressive negotiating agenda on NAMA. They are generally opposed to the concept of sectoral negotiations as well. Developing countries also regard the EU's environmental agenda in the WTO with suspicion, as being predominantly Northern-focused and potentially motivated by green protectionism.

This prevents progress in crucial areas. By agreeing to remove forests, fisheries and other natural resources from the WTO's negotiations, the European Union could make a significant and important move towards

- Reducing the WTO's interference with progress towards the Millennium Development Goals;
- Meeting some developing country negotiating objectives and
- Encouraging demonstrable interest in the WTO in the environmental and sustainability priorities of other countries which would help to ease developing countries' suspicion of environmental protection measures.

This could be done in a number of ways. For example:

- **The EU should actively oppose the zero for zero sectoral negotiation proposal on forests.** FoEE's understanding is that this could potentially tip the balance in terms of preventing a critical mass developing (if the suggested requirement that countries representing 80 to 90% of global trade are required to support a sectoral initiative for it to proceed.)
- **The EU should actively oppose zero for zero sectoral negotiation proposal in fisheries.** This seems to be tentative at present anyway, with Japan, Korea and Taiwan already explicitly opposing its inclusion. The EU should be able to ensure that this proposal is removed from the negotiating table. This is particularly important given the fact that the EU does not yet have a sustainability impact assessment on the impacts of trade liberalization in this sector, and should therefore be operating on the basis of the precautionary principle.
- **The EU should further propose the removal of natural resources from liberalisation through the application of any generic formula** that might be agreed in the NAMA negotiations.
- **The EU should explicitly exclude forests, fisheries and other natural resources from its non-tariff measures proposal** and should apply also pressure to other countries, such as Japan, to follow suit.
- **The EU should publicly guarantee that there is no question of EU non-tariff measures designed to reduce the consumption of forest products being weakened or removed** either through the NAMA or any other aspects of the WTO's negotiations, or through any other forum.

Finally, the EU must make it clear that these measures are the first of many necessary moves to reduce poverty and environmental devastation. It clearly follows that they cannot therefore be part of any broader trade off (which might discourage other parties from accepting them).

## Member Groups

Austria	Global 2000
Belgium	Les Amis de la Terre
Belgium (Flanders)	Voor Moeder Aarde
Bulgaria	Ecoglasnost
Croatia	Zelena Akcija
Cyprus	Friends of the Earth
Czech Republic	Hnutí Duha
Denmark	NOAH
England/Wales	Friends of the Earth
Northern Ireland	Eesti Roheline Liikumine
Estonia	Maan Ystävät Ry
Finland	Les Amis de la Terre
France	Sakharvelos Mtsvaneta Modzraoba
Georgia	Bund für Umwelt und Naturschutz Deutschland
Germany	Magyar Természetvédők Szövetsége
Hungary	Friends of the Earth
Ireland	Amici della Terra
Italy	Latvian - Vides Aizsardzibas Klubs
Latvia	Lietuvos Zaliuju Judėjimas
Lithuania	Mouvement Ecologique
Luxembourg	Dvizhenje na Ekologistite na Makedonija
Macedonia	Moviment ghall-Ambjent
Malta	Vereniging Milieudéfensie
The Netherlands	Norges Naturvernforbund
Norway	Polski Klub Ekologiczny
Poland	Friends of the Earth Scotland
Scotland	Priatelja Zeme - Slovensko
Slovakia	Amigos de la Tierra
Spain	Miljöförbundet Jordens Vänner
Sweden	Pro Natura
Switzerland	Zelenyi Svit
Ukraine	

Friends of the Earth Europe campaigns for sustainable and just societies and for the protection of the environment, unites more than 30 national organisations with thousands of local groups and is part of the world's largest grassroots environmental network Friends of the Earth International.