



trade

Market in Kerala, India.

Issue 109

the tyranny of free trade

wasted natural wealth
and lost livelihoods



**Friends of
the Earth**
International



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This publication exposes the danger that current trade negotiations pose to people and their environments around the world. The privatization of forests, traditional knowledge, seeds and medicines undermines indigenous and community rights, as shown by case studies from Central America and Indonesia (see pages 12 and 13). The 40 million small-scale fishers who depend on the ocean's resources to feed their families could be out-competed if the WTO cuts tariffs in fisheries as proposed, enabling commercial trawlers to further deplete marine resources, as examples from the Seychelles, the Philippines Islands and Indonesia make clear (see pages 15 and 17).

Small farmers, particularly in developing countries, are being hurt by inequitable trade rules that allow the dumping of products from rich nations, undercutting the value of their local crops. They are often forced from their land when it is converted to plantations or planted with crops for export. The pig industry in Denmark, for example, is responsible for the damaging spread of soy

executive summary

meena raman, friends of the earth international chair, malaysia

These are critical times for environmental and social movements around the world.

Current and proposed trading arrangements are facilitating daylight robbery, with millions of already impoverished people losing their livelihoods and natural resources in order to enrich the wealthy. Those on the losing end include farmers, fisherfolk, women, indigenous peoples and literally millions of others around the world who depend on environmental resources in order to survive. Those on the winning end include corporations and those governments that profit from the drive to liberalize markets and privatize natural resources.

plantations in Latin America, and poverty levels in fertile Colombia have skyrocketed with the opening of markets and tariff liberalization (see pages 19 and 23).

Trade agreements are also being used to pry open water and energy markets, which could well decrease people's access to these essential resources, as exemplified by the privatization of water and energy supplies in Togo (see page 26) and Colombia (see page 34). The negative consequences of the liberalization of the mining industry are being felt by indigenous peoples and communities in the Philippines and Ghana, among many other places. The effects of climate change and desertification, two of the most serious environmental threats to the planet, will continue to manifest themselves and impact the world's most marginalized people as more trade agreements are cemented.

Today, the World Trade Organization and regional trade agreements are on shaky ground, thanks to the massive outrage that their policies continue to invoke around the world. The people of Uruguay, voted in 2004, for example, to establish water as a basic human right and to put a stop to the privatization of the country's water resources (see page 27). Many clear alternatives to trade liberalization exist, including small-scale fisheries like the one in the Canadian Atlantic (see page 16), and support for local farmers and markets, as can be seen in Uruguay's Santa Rosa mill (see page 22).

Friends of the Earth International believes that the days of unfettered free trade – and the environmental and social devastation left in its wake – are drawing to a close. We are proud to be part of local and global movements working to develop fair and sustainable economies.

“Prudence must be shown in the management of all living species and natural resources, in accordance with the precepts of sustainable development. Only in this way can the immeasurable riches provided to us by nature be preserved and passed on to our descendants. The current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants.”

United Nations Millennium Declaration, 2000.

introduction

ronnie hall, friends of the earth england, wales and northern ireland



The Millennium Ecosystem Assessment recognizes that “the degradation of ecosystem services is harming many of the world’s poorest people and is sometimes the principal factor causing poverty.” “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.”

just more pretty words?

Have any World Trade Organization (WTO) negotiators read these reports? One could be forgiven for assuming they have not. The WTO’s current trade negotiations include proposals to completely liberalize markets in forest products, fish and fish products, gems and precious metals, primary aluminum, and oil, with barely a mention of the potential and possibly widespread environmental and social impacts that this could have. Markets in energy exploration and distribution, water extraction and distribution, and the management of natural parks (including in biodiversity hotspots) are all also on the table, as are inconvenient environmental and health and safety standards and the fate of critical multilateral environmental agreements. The WTO’s existing Trade Related aspects of Intellectual Property Rights agreement (TRIPs) is preventing

people’s access to and use of the natural resources on which they have traditionally depended.

The livelihoods of literally millions of people are at stake. Women are especially vulnerable since they rely more heavily on access to natural resources and land for food, medicines and fuel for their families, and are responsible for resource management and food production in many cultures.

unfair trade harms small farmers

Current trade rules and negotiations are generating increasingly inequitable terms of trade for small farmers worldwide, especially in developing countries where up to half the population may be engaged in agriculture. These rules are forcing down farm-gate prices (although in-store prices often stay just the same), whilst allowing industrialized countries to continue to subsidize their products and dump them in southern markets, undercutting local producers. Increasing agricultural exports are also worsening desertification, which has long been recognized as a major environmental problem, with adverse impacts on the livelihoods of people in affected areas around the world.

fish and forests suffer from tariff reductions

Fisheries and forests also provide livelihoods and essential nutrition and medicines for millions across the world. Ninety percent of fishers worldwide – nearly 40 million people – are employed in small-scale artisanal fishing, and these men and women are overwhelmingly poor. A further 13 million are

Overall, 70% of the world's water is now used for irrigation (and 60% of that is wasted), 22% is used by industry and just 8% remains for human consumption. Contrast this with the fact that one billion people – one in every six people on the planet – lack access to safe drinking water, and 2.4 billion still have no toilets or other forms of improved sanitation.

trade and climate, a dangerous mix

Furthermore, climate change, one of the most serious environmental threats facing the world today, could be worsened by current trade liberalization negotiations. Trade agreements and institutions such as the WTO have the very real potential to undermine both national and international action to address climate change through powerful mechanisms to restrict even those government actions legitimately designed to limit climate emissions.

At a national level, trade agreements could limit the policy space governments have to reduce national greenhouse gas emissions. For example, trade rules could limit the use of a host of policies designed to promote sustainable domestic industries. Trade agreements could also force governments to abandon laws or



employed in the formal forestry sector, and 350 million rely almost entirely on forests for their livelihoods and income (for collecting fuelwood, medicinal plants, and food, for example). WTO proposals to fully eliminate tariffs in both of these sectors could have extremely serious consequences for these people, including loss of access to and destruction of the natural resources on which they traditionally depend.

The tariff reductions currently proposed would increase incentives to fish internationally, especially for large commercial trawlers, fuelling 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 strong domestic markets, making it impossible for fishers to sell their catch locally. Similarly, in the forest sector, 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.”

diverting water to the wealthy

Regional and bilateral trade agreements are even worse than the WTO. New agreements in Central and Latin America, for example, are opening up underground water systems to powerful foreign bottled water and beverage companies. This will in all likelihood reduce local peoples' access to these important water resources.

regulations designed to reduce dependence on fossil fuels. International trade agreements, including the WTO, could also take precedence in disputes with the Kyoto Climate Protocol, and define how emissions trading schemes operate.

but another world is possible

We do not have to continue down this road. Some far-sighted joined-up thinking could go a long way in reversing current trends, if only trade negotiators and their governments could finally be persuaded to think outside of the 'trade negotiations' box.

International trade needs to be recognized for what it is: a means to an end. A coherent system of global governance in which trade regulation was firmly embedded in an improved UN system could significantly improve coordination and help to stop trade negotiations from undermining efforts to eradicate poverty, protect biodiversity, prevent climate change and ensure food sovereignty, at both the national and international level. Importantly, the myth of unfettered free trade as a solution to poverty needs to be exploded.

Recognition of the role that our natural heritage plays in poverty eradication must be extended from the United Nations to the WTO. Governments need to stop and review the real impacts that the Doha Work Program could have on the world's most impoverished people and the environment upon which we all depend. We cannot continue to work towards the Millennium Development Goals on the one hand while undoing all efforts through the WTO and other free trade agreements with the other hand.



Governments tend to refer to the Doha talks as a 'round' because all the negotiations are supposed to be completed at the same time (the idea is that countries' losses in one sector will be made up by gains in another). However, what this means in practice is that countries are forced to make trade-offs between different negotiating areas. So developing countries might be persuaded, for example, to open up sensitive public service and natural resource-based sectors if they thought it would bring export opportunities in agriculture. In addition, smaller countries are often put under extreme pressure to liberalize in a range of sectors that they do not want to open up.

A major problem with the WTO is its decision-making process. In theory, decisions are supposed to be made by consensus. However, there is evidence of a great deal of arm-twisting behind the scenes. More powerful countries such as the EU, the US and Japan exert whatever influence they can to open up markets for powerful corporate lobbies based in their countries. Furthermore, smaller countries are often excluded from key negotiations until the deals have been done, and are expected to sign up afterwards.

making sense of the wto doha round negotiations

damian sullivan, friends of the earth australia
and ronnie hall, friends of the earth england, wales and northern ireland

Trade talks might seem far away from our lives, but they have a very real impact on how we live and on our surrounding environment. The current negotiations in the World Trade Organization, the body that governs world trade, could (if concluded) increase pressure on our natural environment, reduce impoverished countries' ability to develop, and affect the livelihoods of small farmers and fisherfolk around the globe. They could also reduce national governments' ability to implement domestic laws and regulations to protect the environment and local jobs and promote health and safety.

The WTO's 'Doha' negotiations (so called because they were initiated at the WTO's 4th Ministerial in Doha, Qatar in 2001) focus on agriculture, industrial products and raw materials, services and intellectual property rights (the ownership of ideas). Industrialized countries promised developing countries that the Doha 'Work Program' and other trade negotiations would focus first and foremost on development issues. In reality, it is increasingly clear that the negotiations threaten to undermine development, the environment, and the livelihoods and employment of tens of millions of people. In addition, many developing country proposals relating to development (focusing on special and differential treatment and implementation issues) are being consistently ignored. Because the talks cover so many areas they are frequently difficult to follow, even for trade negotiators themselves. This can put many developing country governments, who have only one trade negotiator present in Geneva, in a very difficult position.

Key aspects of the Doha round include:

Non-Agricultural Market Access (NAMA) negotiations, which are focused on reducing tariffs in all goods that are not included in the agriculture negotiations. NAMA includes proposals that focus on natural resource-based sectors including minerals, forest products and fisheries.

Tariffs are the taxes countries place on imports and exports. They provide a means for developing countries to protect and promote domestic industries and local employment (especially since they cannot afford to do this using subsidies). Tariffs help to protect small farmers and fisherfolk who are essential to local economies and societies but may be unable to compete with huge transnational corporations. Tariff cuts are also likely to lead to increased forest destruction across the globe, the further depletion of dwindling fish stocks, and increased mining.

NAMA negotiations may also be used to restrict the ability of governments to legislate and regulate at the national level. Friends of the Earth International has identified 212 laws and regulations relating to the environment and health standards that have been notified by governments as barriers to trade.

The Agreement on Agriculture (AOA) tends to always be at the centre of WTO negotiations as this is the key sector in which developing countries think they might gain something.

bureaucrats at their side, the EU and US are often able to make it look as if they are reforming their agriculture policies when they are not making any substantial changes.

The General Agreement on Trade in Services (GATS) negotiations are of special interest because they relate to some of the essential aspects of life: water, energy, health and biodiversity (all of which are proposed for market opening). Services negotiations have proceeded very slowly because many countries do not want to open up these services, many of which are currently publicly provided. In GATS, countries currently have more flexibility about what they are willing to negotiate on, although the EU tried to reduce this flexibility by requiring a set number of sub-sectors to be included by each country. GATS also includes negotiations on domestic regulation, which could limit governments' ability to implement national policies.

The Trade Related aspects of Intellectual Property Rights (TRIPS) Agreement is also up for review. TRIPS works very much in favor of Northern transnational corporations and was initially included in the WTO's agreements at the insistence of the US. It obstructs people's access to essential medicines, seeds and vital necessities, by increasing and even introducing costs. It also



Most developing countries want more access to markets in the EU and the US. At the WTO's 2003 Ministerial in Cancun, a number of the major developing countries united in a group called the G20, which was strong enough to resist pressure from the EU and the US and insist that developing countries weren't being offered enough. This was an important step, even though it has become increasingly evident that the G20 consists of countries with strong transnational agribusiness interests (such companies are likely to be the primary beneficiaries of increased exports). The G20 includes Brazil and India.

Many also want to use the negotiations to ensure that their small farmers and rural communities are protected. They want the EU and US to reduce farming subsidies, and they want to be able to use trade restrictions to keep subsidized products out of their own markets. Countries focusing on keeping products out are grouped together in the G33, coordinated by Indonesia. These countries are less influential and more likely to find themselves excluded from important negotiations.

A further group consist of some of the smallest countries that are worried that the special trade agreements they already have with particular partners could be eroded if other developing countries start to get more market access (this is known as 'preference erosion').

The EU and the US want to lever open developing country agricultural markets while maintaining the huge subsidies they pay to farmers in their own countries - most of which go to agribusiness, not small farmers. With hundreds of trade

promotes the patenting of life forms, leading to the destruction of biodiversity and the appropriation of traditional knowledge.

African countries are currently seeking to remove the TRIPs requirements relating to patents on life (although their proposal does not exclude from TRIPs all other forms of intellectual property rights). A further group of developing countries, led by India, is also seeking amendments to the TRIPs Agreement to prevent biopiracy, which would allow developing countries to benefit financially from the use of traditional knowledge and biodiversity (although this would not necessarily or automatically conserve and protect that knowledge and biodiversity).

Trade and the environment is also a formal negotiating area in the Doha Work Program. Paragraph 31(i) of the WTO Doha Ministerial Declaration may allow the WTO to set limits on the extent to and the way in which governments can implement multilateral environmental agreements (MEAs). These negotiations have so far been very technical, but could nevertheless have extremely important consequences for MEAs. The WTO might limit the use of those trade measures left to the discretion of MEA members.

Paragraph 32 of the WTO Declaration deals with environmental goods and services. Environmental goods are not yet defined, and tend to focus on products that northern corporations want to export. They could include, for example, nuclear power plants and waste incinerators. Environmental services proposed for liberalization also tend to focus on end-of-pipe technologies only (pollution-abating technologies, for example).



part one | biodiversity

one biodiversity

biodiversity for sale: trade undermines indigenous and community rights

simone lovera, friends of the earth international

Recognition of and respect for the rights of indigenous peoples and local communities regarding the forests and other ecosystems they live in is a pre-condition for sustainable development. It is also widely recognized nowadays that indigenous peoples and local communities are very effective managers of the surrounding natural resources.

community-based ecosystem management

In countries such as Colombia, large biodiversity-rich areas like the Amazon forest have been handed over to indigenous peoples. It has been acknowledged that these peoples' traditional knowledge and methodologies are preserving biodiversity in a much more effective manner than are the artificial management plans drawn up in distant environmental ministries and conservation institutions.

Likewise, it is broadly recognized in international instruments - like the Convention to Combat Desertification, the Ramsar Convention on Wetlands, and the Biodiversity Convention - that communities need to participate fully in the management of their ecosystems, if such management is to be equitable and effective. This is particularly important for women, who depend even more than men on resources such as fuelwood, freshwater and medicinal plants. Women are recognized as very important biodiversity managers, including in the Biodiversity Convention's preamble.

It is for these reasons that more and more governments and conservation institutions are implementing policies and projects that encourage community-based management of ecosystems. As well as handing over large tracts of land to indigenous peoples, they are putting in place various incentive structures to strengthen community governance over natural resources. They are also supporting the need for more attention to be paid to the role and needs of women in natural resource management.

trade could undermine rights

However, there is a serious risk that trade agreements promoted by the World Trade Organization will undermine many of these policies. For example, the European Union is including “landscape and ecosystem management services” as a sector to be liberalized under the General Agreement on Trade in Services (GATS, see page 8). The EU has requested such liberalization from numerous countries including Argentina, Australia, Brazil, China, India, Kenya, the Philippines and South Africa. All of these countries have important indigenous populations, and many of them have specific laws and policies to give indigenous and other communities priority rights regarding the management of forests and other ecosystems.

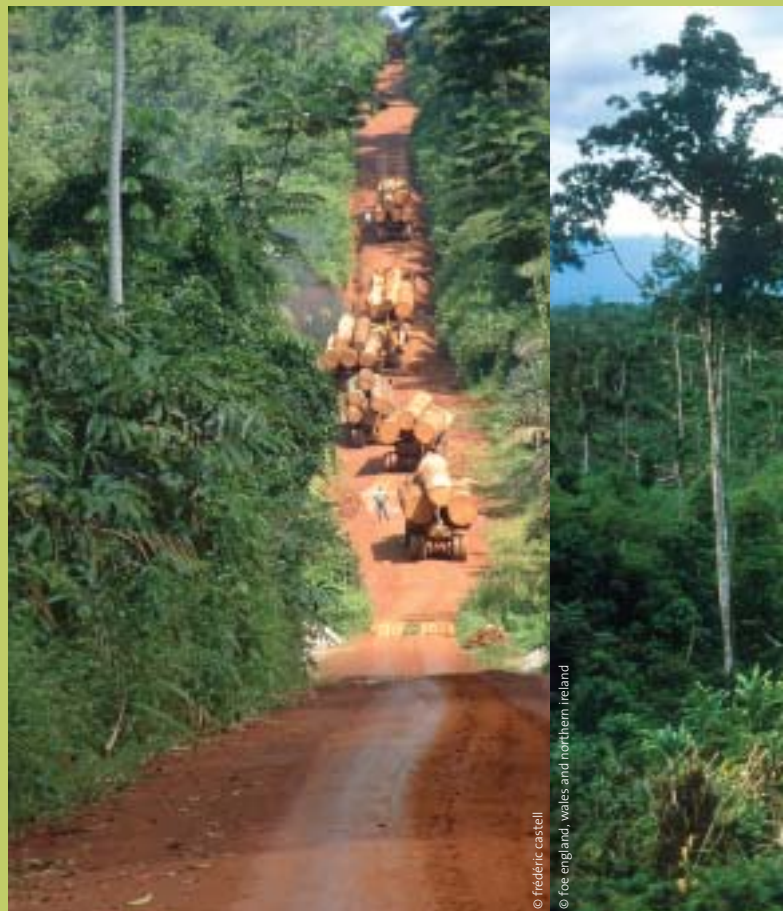
However, if these countries accept the EU’s proposals, foreign companies and/or conservation organizations could enter and demand equal rights to access and manage these natural resources. Giving priority rights to indigenous peoples and local communities would be classified as being “discriminatory” towards foreign “competitors” in the “ecosystem management market”.

This may seem far-fetched, but regretfully it isn’t. This new trend towards market-based conservation mechanisms – such as eco-tourism, carbon sinks and biodiversity offsets - has made it more and more attractive for large companies and profit-oriented conservation organizations to “invest” in the management of protected areas and other precious ecosystems. They may thus argue that they have been “discriminated against” if the management of a protected area is put in the hands of a local community.

additional threats posed by nama and trips

Other important threats to the rights of indigenous peoples and local communities are posed by negotiations on Non-Agricultural Market Access (NAMA). For example, export bans on raw logs, which were put in place to address the almost incurable problem of unsustainable and often illegal logging in countries such as Indonesia, would be made impossible if current NAMA notifications were accepted. It is also possible that regulations to protect local communities and indigenous peoples against the social and environmental impacts of large-scale mining and logging could be challenged by multinational companies as unjustified barriers to trade and investment.

Add to that the devastation of traditional knowledge caused by the WTO Trade Related aspects of Intellectual Property Rights agreement (TRIPS, see page 8) and the destruction of forests and other ecosystems caused by large-scale soy expansion and other monocultures promoted by the Agreement on Agriculture (see page 7), and it is clear that indigenous peoples, local communities, and the ecosystems they have been managing for generations have nothing to gain from the so-called ‘Doha Development Agenda’.



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Cultural and biological diversity are intrinsically linked. Many cultural expressions and traditions have their origin in people's natural surroundings, while different peoples have also created a wide diversity of landscapes and agricultural crops.

Furthermore, traditional knowledge about ecosystem management and plant breeding plays a very important role in biodiversity conservation and sustainable use. Over the past centuries, women and men created a rich variety of food and other agricultural crops through sharing seeds and knowledge. At one time there were over 7,000 varieties of rice in Indonesia alone. Indigenous peoples and traditional communities also tend to have extensive knowledge about the medicinal plants in their surroundings. For many of the world's most impoverished people, these plants are the only medicine they can afford: it is estimated that 80% of all Africans depend almost completely on traditional medicinal plants for their health care, for example.



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traditions being tripped up

However, these traditions are currently threatened by the WTO's Trade Related Intellectual Property Rights agreement (TRIPS), similar intellectual property rights (IPR) clauses in regional and bilateral trade agreements, and so-called systems designed to ensure access to and equitable sharing of genetic resources. Through these various agreements, industrialized countries, led by the United States, are trying to impose a very rigid system of IPRs upon developing countries. This forces developing countries to accept and respect patents and other IPRs granted by northern patent offices, which have little interest in either the development needs or the rights of indigenous peoples, farming communities and people in developing countries. Developing countries are also being forced to expand their own IPR systems to cover seeds and related knowledge.

The results are devastating. Patents and other forms of intellectual property rights are totally inadequate for these traditional forms of innovation. Northern countries tend to have little respect for the fact that traditional knowledge was, is, and continues to be shared by communities and generations, so it can never be claimed as property. In a classically neo-colonial style, they have allowed their industries to apply for patents on seeds and traditional medicines that were "discovered" by industries in the North after having been developed by communities in the South. Trade agreements are used to ensure that these intellectual property restrictions also apply in southern countries.

This leads to situations in which the farmers and traditional healers that originally developed seeds and traditional medicines can be prevented from using them for free, as this would "infringe" upon the patents of companies like Monsanto, Bayer and Merck. Women are no longer able to use the agricultural varieties they have developed, and indigenous peoples cannot use the traditional medicines they have used for centuries. Add to that the devastating impacts of patents on the prices and accessibility of regular medicines like AIDS blockers and

vaccinations, and it becomes clear that TRIPs is one of the greatest threats to human health and food sovereignty and security the world is currently facing.

For years, developing countries have pointed out these gross injustices. Some developing countries are now demanding, as a minimum, that TRIPs be reviewed and that patent offices be obliged to disclose the origin of the plant varieties and medicinal plants that pharmaceutical companies and seed giants try to patent. This would make it easier for developing countries to track whether these varieties are traditionally used or were invented by their farmers and healers, and thus demand payment from the companies wanting to patent them.

Other developing countries, particularly in Africa, have gone further and demanded an end to patents on life forms, though not on all forms of IPRs. They point out that abolishing patents on life is a precondition for combating the practice of so-called "biopiracy", the expropriation and exploitation of the rich African heritage of traditional seeds and medicines by northern corporations and northern-driven trade agreements.

Friends of the Earth International is calling for governments to amend all relevant international agreements so that countries cannot be forced into introducing intellectual property rights on life forms. Governments also need to fully protect farmers', indigenous peoples' and local communities' rights to their traditional resources and knowledge, in particular allowing farmers to conserve, exchange and reproduce seeds. Public access to medicines and governments' rights to regulate to protect people and the environment must be guaranteed as well.



There are a host of ongoing trade negotiations and agreements between Latin American countries and the United States and other developed countries that are likely to have negative impacts on forests. For example, the Free Trade Agreement between Central America, the United States and the Dominican Republic has a number of specific provisions that will impact negatively on forests.

Firstly, signatory governments are compelled to introduce intellectual property rights protection for plants. This places pressure on forests, which are rich in biological diversity and likely to be the target of companies seeking new genetic material. Secondly, the agreement will lead to increased infrastructure, such as roads, hydroelectric plants and large tourism developments, to satisfy the needs of incoming corporations and investors. This will also contribute to the destruction and degradation of forests. Thirdly, in Costa Rica, the agreement would mean that the current Forest Law, which regulates all extractive and trade activities taking place in the forest, would have to be revoked, as would the human rights component of this law which allows anyone to speak up for the need to protect forests. Finally, bio-prospecting could be regulated under the agreement by a range of specific provisions benefiting prospectors, including an “expropriation” clause that allows companies to sue for lost profits if their activities are restricted (even for environmental reasons).

frustrating community management

Trade liberalization as presented in such free trade agreements favors international trade above local trade, and facilitates the operations of large corporations wanting to invest in and sell forest resources.

Free trade agreements put pressure on traditional community and artisanal practices relating to the use of resources, including community forest management, which is generally developed on a small scale to satisfy local markets. In Costa Rica, peasants, environmentalists and indigenous groups have proposed schemes to produce the amount of wood required in the country through practices that respect the forest and ensure a fair distribution of the wealth generated. Such techniques have difficulties surviving competition from incoming investors. Corporations use the forest’s resources in a much more destructive manner even when they do operate within regulatory and legal frameworks, relying on heavy machinery and generating serious negative impacts on ecosystems.

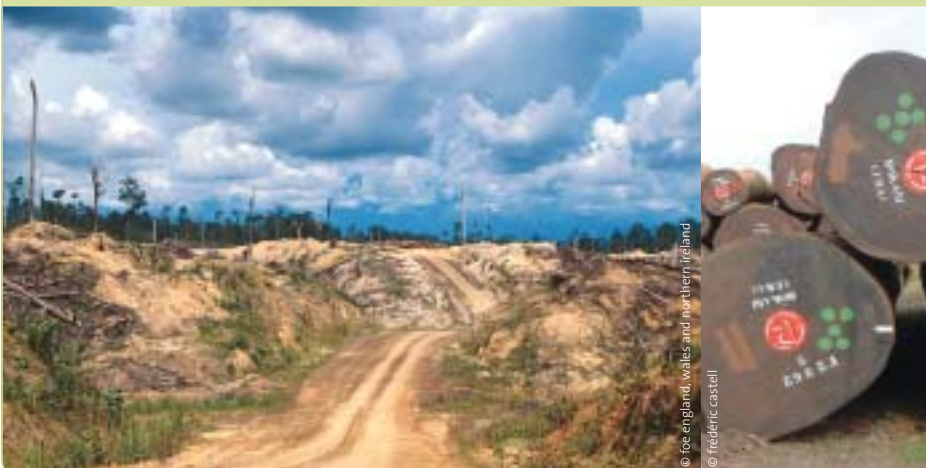
monocultures destroying diversity

Free trade agreements are also linked to the expansion of tree monocultures. In order to manage significant quantities of forest resources, corporations have homogenized, standardized and simplified their operations. Monocultures, including trees for wood production, paper or carbon credits, and soy, banana and pineapple plantations, are a key component of this approach. Monocultures destroy huge swathes of forest, provoke or worsen land conflicts, and thwart local land distribution processes and agrarian reform in the ‘developing’ world.

Free trade agreements are based on an economic model that promotes the functioning of international markets and status of foreign investors. They are the last stage of a neoliberal scheme that, since the 1980s, has been responsible for the disappearance of local markets, small eco-agricultural initiatives, and food security in many countries. Small farmers, whose practices ensured the diversity of systems and the stability and sustainability of species, have seen their land and local forests being taken over by large banana, orange and pineapple plantations.

getting worse under nama

Recent moves in the World Trade Organization to pursue the liberalization of wood and forest products through the Non-Agricultural Market Access agreement (NAMA, see page 7) will likely place further pressure on forest resources in Central America. Big corporations will have greater access to local markets, placing more pressure on community-based forest management initiatives. At the same time, demand for large-scale plantations is likely to increase, accompanied by the necessary clearing of land and the heightened use of chemicals.





“This forest was previously used for farming, hunting, collecting rattan, fruits, timber from the forest, and fishing in the streams. Now the forest is gone, there are no animals to hunt.”

Angkasa villager, Indonesia (Human Rights Watch, 2003).

Indonesia contains 10% of the world's remaining tropical forest cover, and is home to many threatened species including the Orangutan, the Sumatran tiger, the Sumatran rhino and the Asian elephant. Indonesia is also an important center of genetic variation for tropical fruit trees, including mango, breadfruit and durian, and its forests store large quantities of carbon.

Deforestation, forest degradation and habitat fragmentation are significant problems in Indonesia. More than 70% of original frontier forests have been lost, and over half of those that remain are under threat. The rate of forest loss is accelerating: the current deforestation rate is 2.8 million hectares per year, 1.27 times the rate of five years ago, and almost four times the rate in the 1980s.

root causes of forest loss

Although the causes of deforestation in Indonesia are many and various, increased export trade has played a key role. Alongside population growth, political and economic instability, climate factors and increased agricultural production and resettlement, inappropriate government policies have promoted the unsustainable expansion of forest industries. Forest products trade doubled in 20 years from about 0.3 billion cubic metres per year in 1980 to over 0.6 billion cubic metres in 2000.

The importance of international trade has increased year by year. In 2001, the export value of forest products, the majority of which were harvested from natural forests, accounted for US\$4.45 billion, representing 10.2% of the total value of Indonesian exports. Indonesia exports a range of forest products to countries including China, Japan, the Republic of Korea, the United States and the European Union. Logs from Indonesia are also smuggled to international markets in trading centres such as Malaysia, Singapore and China.

problematic plantations

Plantations have also become a major source of wood supply for the Indonesian forest industry. Large-scale plantation owners have turned to the use of fire as a cheap and easy means of clearing the land in order to plant palm oil, rubber, and other export crops. Natural forest fires are rare in Indonesia, but the past decade has seen an unprecedented increase in fires resulting from human activity.

nama could turn bad to worse

The WTO's Non-Agricultural Market Access negotiations (NAMA, see page 7) are likely to lead to decreased tariffs in wood, forest and paper products. In addition, NAMA could lead to the removal of legitimate national laws and regulations related to wood products, which would create further pressure on forest resources.

The European Commission's 2005 Sustainability Impact Assessment of the proposed WTO negotiations in the forest sector states that: "Indonesia's forest sector suffers from serious sustainability problems. Trade liberalization, or almost any measure that would increase the forest products production from current levels, would likely have primarily negative sustainability impacts amplifying the current negative trends."

In Indonesia, the expansion of export-oriented agriculture is also a major cause of deforestation and forest degradation. The negative impacts of agricultural liberalization on forests are pronounced, and according to some assessments, could even exceed the impacts of forest product liberalization.





© dan writer

part two | fish

two fish

trade, fish and people's livelihoods

David Waskow, Friends of the Earth United States

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



© martin garea de giovanni



fish and folk threatened by liberalization in the seychelles [friends of the earth united states]

Fishing is a key industry in the Seychelles, particularly because of the country's extremely large Economic Exclusive Zone. Fourteen percent of the population works in the fish sector, over half of them in the tuna cannery owned by Indian Ocean Tuna Ltd (in turn partly owned by the US food giant Heinz).

The Seychelles earns a considerable amount of foreign income by selling fishing licenses for its waters. The EU, in particular, pays the Seychelles 2.3 million euros per year for fishing access, and contributes another 3.48 million euros through general expenditures. The EU is also the largest importer of canned tuna from the country. This lucrative partnership is made possible by preferential treatment from the EU, which allows duty-free imports so long as certain Rules of Origin are adhered to.

Liberalization of the global fisheries sector through NAMA (see page 7) would devastate the Seychelles' economy, as the country would lose its desperately needed preferential treatment and probably Indian Ocean Tuna as well. If tariffs go, the country also stands to lose 70% of its total customs revenue and could experience increased dumping of fish on local markets. The Seychelles might try to compensate by selling more fishing licenses to foreign fleets, leading to further exploitation of its already fragile marine resources.



© gumar album

Meanwhile, 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 ten 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.

trade liberalization hurts fish and people

Proposals put forth in the WTO's NAMA negotiations (see page 7) to eliminate tariffs on fish and fish products will have serious negative impacts on both fish and fisherpeople. 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. If coastal nations with strong domestic markets such as Ghana and Cameroon are forced to lower tariffs under liberalization, the likelihood exists that imports could be forced upon them, undermining local fishing industries and food security.

Artisanal fisheries are more rational and equitable than industrial fishing fleets in their exploitation of fish resources. The cumulative loss of local ecological knowledge will seriously undermine the appropriate management of fish resources. Small-scale fishers will lose their livelihoods 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.

This will have serious financial reverberations in many developing countries, where fishing is an important revenue generator for fishers and their family members, who are often indirectly involved in the process. Ultimately, local fisherfolk and poor fishing communities will be the first to suffer from dying seas.



privatizing fish harms the public good: lessons from canada
 [marc allain, policy advisor, world forum of fish harvesters and fish workers]

What happens when you establish private property rights in a fishery and let the market decide who should own the right to fish?

Fishing communities, traditional fishing families and conservation all lose out. At least that's what the Canadian experience shows.

In the mid-1990s, Canada's Department of Fisheries and Oceans decided that establishing private property rights and allowing the concentration of ownership was the most efficient way to deal with a perceived over-capitalization problem in its Pacific fishery. The Department introduced a series of policy reforms that established tradable fishing quotas and encouraged investors to accumulate both quotas and licences.

Now, two studies suggest that the government's market-driven solutions created just as many economic, social and ecological problems as they solved. Rural ownership of licences and quota declined precipitously. Traditional fishing communities - including aboriginal communities, which were particularly hard hit - lost 45% of all major licences.

The big winners were urban investors - both corporate and individual - who had better access to the capital needed to purchase the quotas and fishing licences that increased rapidly in value as more buyers entered the market. Rural residents, hobbled by lower incomes, reduced economic opportunities and lower property values that limited their borrowing ability, simply could not match the prices urban dwellers and corporations were willing to pay for licences and quotas.

Another notable consequence was the negative impact on conservation. Advocates of fisheries privatization often argue that private property rights are a boon to conservation because they are supposed to foster resource stewardship and a conservation ethic in the property owner. But the Canadian experiment with privatization is producing the opposite effect. The increased capital costs of fishing and concentration of ownership are having a pernicious effect on conservation. Urban investors who now control quotas and licences often lease them back to working fishermen, who have to fish harder and cut corners on conservation by over-fishing to make their lease payments and make ends meet.

a way forward in atlantic inshore fisheries

So if freely-traded private property rights in fisheries create more problems than they solve, what policy alternatives are there to foster sustainable fisheries? The WTO's foray into the liberalization of trade in fish and fish products under the NAMA process (see page 7) makes this question all the more urgent.

Ironically, Canada might have a promising alternative to propose. In what is known as the Atlantic "inshore fisheries", Canada limits access to valuable species like lobster and crab to small boats, issues licences only to individual fish harvesters, limits each individual to one licence per species, and requires each individual licence holder to fish their licences personally. It also explicitly prohibits processing companies from holding inshore fishing licences, thereby blocking the vertical integration of fish harvesting and fish processing operations.

These policies have created an inshore fleet of approximately 15,000 independent licence holders and an additional 30,000 crew members who generate 75% of the landed value and 99% of the employment in Atlantic Canada's annual \$1.8 billion fishery. Moreover, these licences are distributed over hundreds of small coastal communities, making the inshore fishery in Atlantic Canada an important source of rural employment.

Under WTO rules, it is not clear whether fishing countries like Canada, India or Brazil will be able to adopt or keep fisheries policies that discriminate in favor of small independent fish harvesters living in rural areas, or pursue other measures that foster food security or food sovereignty. In the ongoing NAMA negotiations however, countries that have already privatized their fisheries are pushing definitions of subsidies that if adopted would straightjacket other countries and force them down the path of privatization and corporate concentration.

This can't be allowed to happen. Simplistic, private property rights regimes based on capital investment aren't the solution to the world's fisheries problems. Private property rights and market mechanisms will not ensure that fishing is sustainable, nor provide the quality of life that rural people seek. The market doesn't care about conservation, fishing families, fishing communities or whether there should be fish in the water for future generations.

There are places the WTO shouldn't be going, and a country's fisheries policies are among them.

more information:
www.pcffa.org/wff.htm



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fishing: a dying tradition on the philippine islands
 [friends of the earth united states and friends of the earth philippines]

On the Philippine islands, fish stocks and the artisanal fishing industry have already fared extremely poorly in the face of trade liberalization. The Filipino fishing sector employs 1.6 million subsistence artisanal fishers, and approximately 6 million people depend upon the industry for their livelihoods.

Over the past decade, the Philippines has liberalized its economy by slashing tariffs in the fish sector from 30 percent to 5 percent. These tariff reductions have paved the way for foreign fishing fleets to increasingly operate off the coast and bring imports into port. As a result, both the supply of fish and the income of fishers have declined due to resource depletion and lowered productivity.

The government attempted to limit the dumping of fish imports with its Fisheries Code of 1998, which banned the sale of imported fish on wet markets, only allowing imports for canneries and processing. Unfortunately this law is rarely enforced and smuggling is common, especially of cheap frozen fish from China and Taiwan.

In addition, the legal yet unsustainable activities of Japanese trawlers fishing in Filipino waters, combined with polluted waters and the spread of aquaculture (leading to further pollution and loss of access to both the sea and the productive waters of mangrove forests), has caused artisanal fish catches to shrink significantly over the years.

As a result of trade liberalization, an estimated 20% of small and medium-scale commercial fishers have lost their livelihoods in the Philippines. Poverty rates among fishers are higher than among the total population, and the majority of the poorest provinces are coastal ones.



opening markets punishes indonesian fisherfolk
 [p. raja siregar, walhi/friends of the earth indonesia]

For fisherfolk in Indonesia, a small catch always means small returns, but a big catch doesn't always mean increased incomes. It may be that there are too many fish being sold in the market and prices drop. Or that the fish are not sold, and perish. Or that the fish are discarded at sea. Trawl boats in the Mollucas and Seram, for example, currently throw 90% of their catch back into the ocean in their search for profitable shrimp and tuna.

encouraging local industry and minimizing fish waste

By making use of this surplus and low quality fish, a viable fish processing industry could reduce these risks and at the same time increase fisherfolks' incomes. The Indonesian processing industry is however struggling to develop in the face of unhelpful national policies and international trade regulations.

The most common processed fish product is fish powder, which is used as feed in shrimp and fish farms. Promoting the fish powder industry could be a particularly useful way of allowing fisherfolk to benefit from damaged and unwanted fish that would otherwise go to waste. Currently, however, Indonesia imports enormous and increasing quantities of fish powder. In 2002, 61,301 tons of fish powder worth US\$37.6 million were imported (27% more than in 1998). Fish powder, most of it from Latin America, constitutes 60% of Indonesia's fish imports.

fish and shrimp dumping

Tariff escalation, which means that the most highly processed products attract the highest tariffs, discourages the development of domestic processing industries in exporting countries. The EU, for example, imposes escalating tariffs on Indonesia's processed fish products. EU tariffs on processed fish products may reach 40%, while those on raw materials are only around 5%.

In addition, Indonesia's own import tariffs on fish are very low - between 0% and 3% - while domestic fish are taxed at 5%. This encourages national businesses and the processing industry to buy cheap imported fish, leaving fisherfolk with even more unsold catch. Low tariffs have made Indonesia a magnet for dumped products.

Since 2004, for example, Indonesia has been flooded with shrimp imports from China and Vietnam that have been rejected by the United States. Indonesian shrimp farmers are understandably up in arms about this dumping of shrimp that have been rejected elsewhere.

Indonesia should be able to apply tariffs and other trade restrictions to fish (especially those small-sized species caught by fisherfolk) and fish powder imports, and EU tariff escalation must stop. These measures would protect fisherfolk and encourage domestic processing.



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food, seeds and free trade

alberto villareal, redes/friends of the earth uruguay

Free trade rules and enforcement mechanisms support a corporate assault on the world's peasantry, farming indigenous peoples and small-scale family farmers, threatening the very biodiversity and environment that they have historically depended upon, cared for, and enriched.

Food has been bought, sold and exchanged throughout history, and has almost always been grown and consumed locally. International trade in food is just a fraction of global agricultural output. Yet since the WTO's Agreement on Agriculture was signed in 1994, food is increasingly treated as just another industrial good to be produced and sold anywhere to those who can afford to pay for it. In addition, trade rules - on subsidies, import restrictions and intellectual property rights - combine to work in favor of transnational agribusiness and against the interests of small farmers.

dumping on small farmers and the environment

Current trade rules are generating increasingly inequitable terms of trade for small farmers worldwide, especially in developing countries where up to half of the population may be engaged in agriculture. These rules are forcing down farm-gate prices (though not in-store prices) for agricultural products and commodities, which benefits the corporations that increasingly control food production and trade worldwide. At the same time however, the rules also allow industrialized countries to subsidize their products and dump them in southern markets where they undercut local producers.

Expanding trade in export-oriented monoculture plantations is also placing an immense burden on the environment. Again this is especially problematic in the South, where it leads to extensive deforestation and biodiversity loss, the contamination and reduced availability of fresh water, air pollution, soil degradation and desertification. All of these further increase the social and ecological debt that northern countries owe to the South.

The drive to export means that extraordinarily high numbers of small farms in both South and North are failing or being bought out by larger farms and agribusiness. Communities without legal 'ownership' of their land are being evicted, sometimes violently, to make way for industrial-scale agriculture. Yet small-scale farming is vital for food sovereignty and security, robust rural economies and the production of healthy local food.

Everyone has the right, as enshrined in the 1996 Rome Declaration on World Food Security, to have "safe and nutritious

food" and "be free from hunger". Those who promote free trade in agriculture ignore the importance of food, in all its diverse forms, to cultures around the world.

rules and profits for the food giants

In fact, 'free trade' rules in agriculture are clearly designed to benefit large-scale, capital-intensive, export-oriented producers. They also favor the interests of transnational agrochemical firms, companies selling genetically modified seeds, commodity traders, giant food and feed processing firms and the leading food retailers that increasingly control global food supply. These same rules are locking developing countries into providing low-cost natural resources and goods to the rest of the world in order to earn hard currency with which to pay off 'official' debts.

Ten years after the creation of the WTO, it is clear that EU and US promises of agricultural liberalization are an illusion used to tempt the poorest countries into opening other sectors, particularly in industrial goods and services. Wherever there have been increased export opportunities for agricultural products from the South to the North, most if not all of the benefits have gone to a small elite in the exporting countries and the transnational corporations involved. The Agreement on Agriculture has also allowed the EU and the US to continue to subsidize their largest and most influential farmers heavily (in the UK, for example, 80% of subsidies go to just 20% of farmers).

Free trade rules in agriculture also discriminate against organic farming and other more environmentally-friendly forms of agriculture. They discourage labelling requirements that give consumers a choice about what they buy. Trade rules also work against the introduction of high food standards, which are important to the development of sustainable agriculture.

people's food sovereignty is the future

The inclusion of agriculture in the WTO and other trade agreements cannot work for farmers, consumers or the environment. Together with consumers', indigenous, peasant and small farmers' organizations, Friends of the Earth International is working for diverse farmer-based, localized and organic agriculture systems that grow food for local consumption. Trade in agriculture and food products should and will continue, but as an option rather than an obligation, and regulated by an improved and strengthened United Nations.

Existing rules that prioritize corporate profits and export rights need to be replaced by peoples' food sovereignty - that is the right of peoples, communities and nations to decide upon their own sustainable agriculture and food policies.



bacon and beans: how trade in pork and soy causes hunger, pollution and human rights violations
[bente hessellund andersen, friends of the earth denmark]

Far from contributing to the production of enough food for all, Danish pig production is a perfect example of the way in which a combination of intensive agricultural practices and liberalized international trade can lead to social disruption, environmental damage and even hunger in different regions of the world.

Denmark is a small country, yet it still manages to produce 25 million pigs every year which it exports primarily to rich 'overfed' nations such as Germany, the UK and Japan. Since it has so little land, it relies heavily on imported soy feed, 80% of which comes from Argentina.

soy stresses in latin america

Soy production results in a gradual transfer of critical nutrients from Argentina to Denmark, causing problems in both countries. Argentinean soil is depleted, as most of the above-soil organic matter is removed during soybean harvest. Soy is also particularly efficient in extracting nutrients from the soil, meaning it can be grown without expensive fertilizers for several years. This is cost-effective in the short-term, but eventually leads to soil erosion and desertification.

Increasing soy production is also leading to dramatically increased rates of deforestation at the core of the Amazon forest in the centre-west region of Brazil, in the Interior Atlantic forest in the Misiones Province in Argentina, in the Chiquitano forests in Bolivia, and in the Parana forest in Paraguay among other places. The soy boom has turned highly varied landscapes consisting of small farms, forests, grasslands and other biologically and culturally diverse ecosystems into oceans of monoculture. As soy production is not labor intensive, its expansion has led to the depopulation of the countryside. All over the region, small family farms are being taken over, often forcefully, contributing to the erosion of rural traditions, unemployment and poverty.

The soy bean boom has hit women (who play a central role in running family farms) and indigenous peoples (whose lands are often impacted) the hardest. Some 60 million indigenous people around the world are almost entirely dependent on forests to supply key elements needed for their survival, including food, fuelwood and medicine.

pork problems in europe

On the other side of the world, the Danish pig industry is so intensive that it releases nitrogen and other fertilizers into the surrounding environment via manure and evaporation. Danish pig farms generate 25-40 tonnes of liquid manure per hectare each year, and lakes, streams, fjords and inner waters suffer from severe oxygen deficits. Evaporated ammonia – including the 50,000 tonnes that reach surrounding countries, such as Sweden – also degrades bogs, moors, meadows, dunes, commons and some woodlands. Almost half of this nitrogen (82,000 tonnes out of a total of 166,000) is imported into the country in fodder.

starving despite the soy

Danish pig production contributes to hunger in Argentina. In spite of the vast and fertile agricultural land in the country, ongoing economic and agricultural crises mean that Argentina has difficulty feeding its own population. Fifteen million people (38.5 per cent of the population) live below the poverty line, and Argentina was listed by the Food and Agriculture Organization as one of the 35 countries around the world facing a food crisis in 2004. Although the situation abated somewhat in 2005, it is still more profitable for landowners to sell or rent their land for soy production than to grow crops for local consumption, and local supplies of milk, meat and vegetables are disappearing. In Argentina, 150,000 farms have been lost in recent years, and at the same time the area used for soy production has now grown to 14 million hectares.



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Similar restructuring is taking place in Europe. Pig farming in Denmark is increasingly dominated by large industrial farms, and an average of eight small farms are lost every day. Land prices have rocketed, discouraging new farmers from setting up. The largest ‘farmers’ are now moving eastwards – to Poland, Lithuania, Latvia, Hungary, Slovakia, the Ukraine and Russia – to avoid Danish regulations and public hostility. Although they are financially supported by the Danish state, these companies do not always abide by Danish environmental legislation despite their being obliged to do so.

Industrial pig farming is thus in turn being imposed on Eastern Europe as well, in a new form of colonization, with local rural employment and production in yet another region of the world about to succumb to the impacts of the Danish pig industry.

soy harming health and the environment

The increasing prevalence of soy in the Argentinean diet is developing into a national health problem. Some soup kitchens for impoverished people serve donated soy-based meals, which are generally not tested for pesticide residues and can have severe impacts on children in particular. Argentinean nutritionists and the government have recommended that soy should not be part of the diet for children under the age of five.

Furthermore, most soy grown in Argentina today, such as Monsanto’s Roundup Ready soy, is genetically modified. Rogue soy plants and Roundup resistant superweeds, combined with a no-tillage practice, have actually increased the already large amounts of herbicides being used. Aerial fumigation hinders communities trying to grow crops, and contributes to very serious health problems as observed in Ituzaingo in Cordoba Province where cancer rates are increasing dramatically.

the violence of soy production

The introduction of soy is also leading to widespread evictions and unemployment in Argentina and surrounding countries. In recent years, the World Bank forced Argentina to open its borders to transnationals associated with the seed and agro-chemical industry, such as Monsanto, which are then able to purchase legally-binding contracts for growing soy. In many instances, the small farmers that have been farming the land for generations are forcibly removed, as they have no legal proof of land ownership. In Paraguay, police forcibly evicted the Tekojoja community in the Caaguazú Department from their lands in June 2005. Two people were killed, 130 arrested (including women and children), and 270 people displaced.

Members of La Via Campesina (the international network of peasant farmers) have commented that: “Human rights violations such as these are replicated throughout the soy regions of Latin America. Wherever the soy business expands, people are forcibly evicted, either by arms, or by the poisonous fumes of crop-spraying planes.”



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genetically modified versus organic food how the wto meddles in what we eat
[markus steigenberger, bund/friends of the earth germany]

Although agriculture in Germany is highly industrialized, organic farming is becoming more and more popular. Organic farming has many positive effects. It reduces chemicals in the environment, produces healthier food, provides a more diverse landscape, and contributes to greater biodiversity. Genetically modified organisms (GMOs) have the opposite impact. They are planted in large-scale monocultures, threaten animal and plant diversity, and could cause health problems. GMOs are thus incompatible with organic farming.

Until very recently, the European Union has managed to remain largely free of GMOs, thanks to overwhelming public rejection. But trade rules now threaten to overturn this state of affairs, and may soon impose GMOs on people across Europe. This would be a major setback for organic farming since organic products must be demonstrably GM-free, and would certainly set back efforts to strengthen sustainable agriculture in Germany and the rest of Europe.

conflicts with WTO rules. They are defending the export interests of huge biotech corporations, such as the US-based Monsanto, by attempting to use WTO rules to force Europeans to grow and eat GMOs.

While this trade dispute continues, farmers and consumers in Europe face another threat. A few years ago, the EU passed a directive allowing the production and sale of GMOs as long as they are clearly labelled. The underlying idea is to give consumers the choice between GM and non-GM food. This is problematic, however, since GM pollen can be blown onto organic farms up to 25 kilometres away. Thus 'co-existence' can only work if large buffer zones are placed between GM and organic farms. This is why Friends of the Earth Germany is campaigning together with other organizations to establish 'GMO-free zones' throughout the country. To date, more than 16,000 German farmers have declared their fields 'GM free'.

forcing gmos down european throats

In May 2003, the US, Canada and Argentina submitted an official complaint to the WTO challenging European policy on GMOs. This was the start of a complicated and highly controversial trade dispute that is due to end in 2006. The three plaintiff countries argue that the EU's refusal to accept any application of new GMOs since 1998, combined with EU member states' ability to impose national bans on GMOs,



indonesian farmer sued by seed company
[p. raja siregar, walhi/friends of the earth indonesia]

Mr. Tukirin, a 62-year-old farmer in the Nganjuk district of East Java, Indonesia, was very surprised when police officers came to his house and corn field and accused him of the "illegal certification" of patented seeds and of stealing seeds from a hybrid corn producer, PT BISI, a subsidiary of Asia's largest agricultural conglomerate Charoen Pokphand.

Ironically, Tukirin's hybrid corn cultivation skills were acquired through a project co-organized by PT BISI and a local farmers' organization. Yet the company penalized Tukirin for the application of his newly acquired skills, realizing that farmers would no longer be dependent upon their product. Company officials visited Tukirin's field and then went to the police.

In addition, the court failed to follow the proper procedures. Mr Tukirin did not know he could be represented by a lawyer, nor did the court provide one. Furthermore, he did not receive a copy of the verdict despite having asked for one. Thus, for five months he did not have access to the details of his alleged crime. It was only in June 2005 that Tukirin, accompanied by WALHI/Friends of the Earth Indonesia, managed to acquire a copy. There was no opportunity to lodge an appeal.

Tukirin had not stolen any seeds. In fact, he had bought them from an authorized distributor, wanting to develop his corn cultivation skills and use the harvested corn as seeds for his next planting. The hybrid corn he had previously planted and harvested could only be sold or consumed, not used to produce seeds to plant. However, Tukirin successfully cross-pollinated the second set of seeds he bought, then harvested corn that could be used as seeds and indeed grew well. He shared this discovery with other farmers.

guilty of seed theft?

In February 2005, the court found Tukirin guilty of illegally adopting PT BISI's technique, that is committing "illegal certification". Tukirin was sentenced to a one-year ban on planting and received a fine. Commenting on the decision, Tukirin insisted on his innocence: "I bought the seeds and planted them in my own field. Why should I be punished?" Other farmers agreed: "We were not told not to replicate the system in our fields. So what was the project for in the first place?"

Tukirin's case is only one example of the lawsuits brought by large companies against small farmers; many more injustices can be expected as seed companies consolidate their control around the world.

Mr. Tukirin and his wife holding the corn under question.





colombian agriculture and the andean free trade agreement
 [tatiana roa avendaño, censat agua viva/friends of the earth colombia]

Colombia is a country of contrasting regions and ecosystems. As a result, many different crops can be grown: coffee flourishes on its mountain slopes, sugar cane in its valleys, and cotton and sorghum in the warm savannah regions. Potatoes, cereal and wheat are other key agricultural crops.

Colombia used to produce food so successfully that it was virtually self-sufficient. However the aggressive opening of markets in the nineties changed this, tipping Colombian agriculture into bankruptcy. Tariff liberalization in the cereal sector allowed cheap imports to flood in, putting many farmers out of business. The area of land being farmed shrank by 750,000 hectares. Meanwhile, rural poverty rates surpassed 80%.

The government has however failed to learn from this experience, and the proposed Andean Free Trade Agreement (TLC) with the United States poses yet another threat to Colombian agriculture. If Colombia signs up, it will mean agreeing not to use agricultural subsidies or variable tariffs to protect domestic agriculture and accepting yet more subsidized cereal imports. It will also lead to the patenting of biodiversity, and the opening of markets to new foreign investment and service providers, both greatly benefiting incoming transnational corporations.

raw trade deal for colombia

In return, Colombia's benefits would be confined to the flower, vegetable, palm oil and tobacco sectors. In other words, Colombia is being asked to exchange its ability to feed its people for the opportunity to increase exports. Food security would be exchanged for agricultural intensification, degraded soils and the diversion of increasing quantities of water to agriculture. This has already been seen in intensive flower cultivation, for example, which is no longer confined to the plateau around Bogotá, but has spread to the Amazonian and Chocoanas forests.

In response, however, a national movement against free trade and for alternative agro-ecological production is developing. Communities, farmers, indigenous peoples and organizations are establishing partnerships - such as the Agrovida Association in the García Rovira region - to promote organic production and local regional markets, ensure fair prices, and protect traditional seed varieties. These local markets create new relationships between urban and rural people, improve their quality of life and restore a degree of autonomy and sustainability to communities. Ultimately, they will form the foundation of food sovereignty in Colombia.





molino santa rosa: production for and by local people in uruguay
 [carlos reyes and alberto villarreal, redes/friends of the earth uruguay]

Molino Santa Rosa was once a flourishing mill and the biggest employer in Santa Rosa, a rural town of 3,500 people near Montevideo in Uruguay. Traditionally, the area had a vibrant agricultural sector dominated by small and medium-sized family farms producing fruit, vegetables and some grain and poultry. Farmers sold their crops and animals in the market in Montevideo and to the dynamic agro-industries that flourished nearby.

However, market opening policies in the 1980s and 90s caused economic chaos in Uruguay. In particular, agricultural liberalization and cheap imports wreaked havoc on the farming community. This, together with the recent financial crisis, led to a crisis in this net food exporting country, even though it can feed 10 or 20 times its own population. Competition from bigger companies also led to difficulties for Molino Santa Rosa, and its owners closed it – twice in fact, once in 1987 and again in 1998.

workers’ cooperative welcomed

Happily, however, Molino Santa Rosa is today operated and managed successfully by a local workers’ cooperative founded in 1999 by many of the mill’s former employees. They were able to negotiate a very favorable contract with the public bank, Banco República, thus securing jobs and rescuing one of the main engines of local economic development. More than 70 families are now directly associated with the self-managed mill, including coop members, employees, farmers and service providers. It is the largest employer in town, and pays triple the wages of the local poultry industry.

The mill is also contributing to a renaissance in local farming. Most of the milling products are based on wheat, part of which is bought directly from family farms no bigger than 40 hectares. The mill is also diversifying into other locally-produced family farm products, including GM-free corn flour (to cook polenta) and chick pea flour (to make ‘faina’, a traditional pancake-like bread). Similarly, in April 2004 the mill established an agreement with a subsidiary of the biggest dairy industry in the country, CONAPROLE (itself a national farmers’ cooperative) to provide good quality animal feed for its dairy cow farmers in Uruguay’s southern provinces.

the return of the white bean

Winter white beans – like chick peas, a traditional crop abandoned in the face of cheap imports – have also been reintroduced by the cooperative’s farmers. White beans used to be an important part of farmers’ food security during the winter, and this development is critically important for local and national food security, as well forming as an excellent way of using spare threshing and packaging capacity. The milled and packaged products are sold mainly to nearby small and medium-sized bakeries, pasta manufacturers and retailers.

The new center-left government views this workers’ cooperative as a promising model, and may help to replicate it elsewhere in the country. Additionally, the Sustainable Uruguay program, coordinated by REDES/Friends of the Earth Uruguay and other civil society organizations including farmers, is calling on the government to revive the national food program, Subsistencias, by buying locally produced, organic products from family farms and processed food stuffs from workers’ cooperatives such as Molino Santa Rosa.



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part four | water

four water

water: human right or commodity for trade?

ronnie hall, friends of the earth england,
wales and northern ireland

*“We need to build water democracy,
not water markets. We need to defend the
rights of communities, not corporations.
We need to conserve water, not consume
it wastefully or destroy it.”*

Vandana Shiva, Indian water activist.

It's sometimes easy to forget that water - such an apparently abundant resource for those who have it on tap - is scarce in many regions of the world. Water is essential to life in all forms: without water, death takes only a matter of days. Without rain or irrigation water, crops fail and biodiversity dwindles. Without clean drinking water and sanitation, diseases and sickness spread rapidly.

Water's importance has been recognized by governments time and time again, and one aim of the United Nation's Millennium Development Goals (MDGs) is to halve the proportion of people without sustainable access to safe drinking water and basic sanitation by 2015. However current trends indicate that we have little chance of meeting this goal, let alone ensuring safe water for all, unless we fundamentally change our approach to the use and control of water.

Five years after the MDGs were originally agreed, 1.8 million people still die every year due to lack of hygiene, sanitation and a decent water supply. A further billion people – one in every six people on the planet – lack access to safe drinking water, and 2.4 billion still have no toilets or other forms of improved sanitation.

As springs, lakes and even seas dry up, the planet loses the freshwater ecosystems and wetlands that are critical to biodiversity and help to control erosion and store excess water. In addition, export-oriented agriculture is increasing levels of irrigation, causing erosion and increased soil salinity which eventually makes the soil unsuitable for agriculture. All over the world, chemical and human waste is increasingly seeping into previously clean groundwater sources.

water as an economic good

However, water's scarcity in some regions of the world is also turning it into an immensely desirable commodity, and water companies have now succeeded in persuading most governments to adopt an overwhelmingly commercial approach. In 1992, one of the four guiding principles agreed in the Dublin Statement on Water and Sustainable Development was that: "Water has an economic value in all its competing uses and should be recognized as an economic good."

By reducing water to an "economic good" and further categorizing the water economy as a "market economy", this approach makes water privatization and commodification inevitable. By ignoring the ecological and hydrological limits of water availability, and allowing water access and water distribution to be driven by insatiable markets, the world's water crisis is likely to deepen and access to water will become even more inequitable.

not a drop to drink

Over 70% of the world's water is now used for crop irrigation, and 60% of that is wasted. Frequently, these crops are destined for export to wealthy consumers, and not for local consumption. In the San Francisco Valley in Brazil, for example, water resources are primarily used to irrigate fruit and sugar cane for export. A further 22% of the world's water is used by industry, with just 8% remaining for human consumption.

Some governments have teamed up with the private sector in order to solve these problems, through 'public-private partnerships'. They argue that by bringing in private investment and know-how they can improve the situation without spending public funds or threatening domestic economic growth. Business is happy with this approach: in the 1990s, water companies expanded, merged and diversified to become among the world's biggest and most powerful transnational corporations. Suez, RWE and Veolia Environnement are among the largest, along with beverage companies Nestlé, PepsiCo, Coca-Cola and Danone, which now dominate the rapidly growing and highly profitable bottled water market.

The carrot for these companies is provided through the WTO and various other trade and investment negotiations. Governments, led by the European Union, are trying to use these negotiations to lever open and lock in new water collection and distribution markets for their transnationals. There is, however, plenty of evidence to suggest that this approach doesn't work. As the Transnational Institute and Corporate Europe Observatory concluded in a 2005 report: "Almost without exception, global water corporations have failed to deliver the promised improvements and have, instead, raised water tariffs far beyond the reach of poor households." Companies need to make a profit, which means that poor people who may have previously had access to free or cheaper water must pay. The principle of 'universal access' is also being abandoned. When the water commons are enclosed, the poor and the marginalized become further excluded.

unhealthy water flows

Water is increasingly being exported across national boundaries. Canada, for example, exports water to the United States, despite growing alarm about the environmental impacts that this will have on the Great Lakes. Similarly, the Plan Puebla Panama investment project will increase access to freshwater resources as well as new markets in Central American countries. Companies such as the American Beverage Company (also known as AmBev, the world's fifth largest brewer and Brazil's leading beverage company) are the main beneficiaries. Similarly, the Initiative for the Integration of South America's Regional Infrastructure (IIRSA) could allow foreign bottled water companies to access the subterranean waters of the Acuífero Guaraní in Argentina, Brazil, Paraguay and Uruguay. This potential drain on freshwater resources could eventually reduce the local availability of freshwater.

The impacts of trade liberalization upon water urgently need to be recognized and reversed. Access to water should be fully recognized as a human right, as suggested by the UN Committee on Economic, Social and Cultural Rights in November 2002. Water should be removed from trade liberalization negotiations, and governments must remain free to manage and deliver water as a public service. A public water sector should include both community-managed systems as well as public utilities like municipal water supply and irrigation for sustainable food production to meet local needs. Exports of water for wasteful industrial and agricultural use and unnecessary consumption need to be curbed, freeing up water resources to provide clean water for human consumption and sanitation, the development of fair and sustainable local economies, and the conservation of vital ecosystems.



water woes in togo [kokou elorm amegadze, friends of the earth togo]

Togolese people, especially those living in the interior of the country, have a range of problems relating to water. In some cases there are serious water shortages, while in other areas water is plentiful but mismanaged and heavily polluted.

Until 2003, the production, supply and purification of water in Togo was undertaken exclusively by La Régie Nationale des Eaux du Togo. In 2004, however, management of the country's water supplies was transferred to the Société Togolaise des Eaux, no longer a state monopoly with exclusive rights relating to drinking water and waste water treatment, but a more commercial and results-oriented company.

This has resulted in people having to pay for water from pumps that was previously free. To date, privatization does not appear to have increased the number of urban consumers having access to water and sanitation. Furthermore, turning water into an economic good makes it increasingly unlikely that supplies to poor, unprofitable rural areas will be improved.

The people of Togo urgently need improved water supplies and sanitation, but privatization and the possible liberalization of services do not appear to offer viable solutions. Friends of the Earth Togo is focusing on alternative ways forward, including public education about water management and the building of free public fountains.

water solutions in the village of kovié sévého

People living in the village of Kovié Sévého, some 30 kilometres from Lomé, struggle to collect water. Although most houses have their own water tanks, rusted roofs and gutters mean that the quantity and quality of water collected during the rainy seasons is very poor. Some cisterns are located on the ground to catch surface water, but this is heavily polluted. In the dry season, villagers have to rely on the waters of the river Zio some ten kilometres away.

The people of Kovié Sévého suffer from increased levels of disease and dehydration. There is not enough water for bathing and cleaning. Women and children, who are primarily responsible for collecting water from the river, are often very tired. There are frequent brawls around the water points.

However, the villagers have made efforts to solve their problems. Those that can afford to maintain their roofs sell their 'drinkable' water to others at low rates. In addition, a marshy basin has been built nearby to retain additional water.



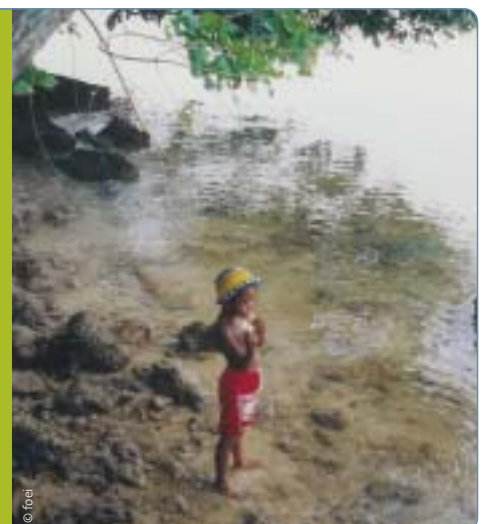
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transnational power in latin america

Many of the largest transnational companies now operating in Latin America are dedicated to extracting and selling the region's natural resources. A recent survey by the magazine *América Economía* of the 500 largest companies active in the region showed that over half of the twenty most profitable companies were dedicated to the export of natural resources, with hydrocarbons

being the main focus. Five of the top twenty companies were oil companies – Petrobas, Repsol/YPF, Esso, Texaco and Royal Dutch/Shell – and companies trading in hydrocarbons had sales of more than US\$250 billion. Other key natural resource-related sectors include steel, cement, food and forest products.

*paola visca, third world economics,
www.redtercermundo.org.uy*



© foel



people's water power in uruguay

[sebastian valdomir and alberto villarreal, redes/friends of the earth uruguay]

On 31 October 2004, more than 64% of Uruguay's population voted to establish water as a basic human right, to retain the public provision of water and sanitation, and to ensure sustainable and participatory water management. In other words, they voted to ensure that their water services are managed by the people for the people.

uniting to defend water and life

This was an overwhelming rejection of the privatization of water foisted upon Uruguay by the IMF and the World Bank and by the liberalization of water services planned in the WTO and the Free Trade Area of the Americas. REDES/Friends of the Earth Uruguay, public water unions, local community organizations and others had worked in the Commission in Defense of Water and Life to achieve this victory.

The Uruguayan government had been granting concessions to water companies, including subsidiaries of Suez (Aguas de la Costa) and Aguas de Bilbao (Uragua), to help meet the country's sanitation requirements. However, the companies never delivered on their contractual commitments for sanitation; the quality of the service they provided was poor; and water and sanitation tariffs were extremely high.

When they were rejected by the Uruguayan people, the companies turned to international treaties to force the new government - which had supported the water vote - to change track. Suez and Aguas de Bilbao threatened to sue the Uruguayan government for millions of dollars in compensation, claiming that the results of the vote breached their contracts under existing bilateral investment treaties with France and Spain. Faced with the threat of multi-million dollar payouts, and at the same time holding the record for the world's highest per capita level of indebtedness (as a percentage of GDP), Uruguay was in a difficult position. The government initially capitulated, allowing the companies to continue to operate until 2015.

Public opposition finally brought about a more forceful approach. Eventually, Aguas de Bilbao's concession was cancelled due to repeated breaches of contract. The company dropped a planned lawsuit against the government and agreed to leave the country in October 2005, although it was allowed to retrieve financial guarantees it had made. In the case of Suez's subsidiary, the government may ultimately buy the corporation out.

While these settlements are less than ideal, they demonstrate the power of collective opposition. Environmentalists, trade unions and local community organizations can express their opposition through plebiscites and popular referendums, and confront the power of corporations by exercising direct democracy. This is an effective first step in rolling back the power of corporations.





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part five | minerals



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five minerals

diamond rings or community welfare?

how the international mineral trade harms communities and environments

ingrid gorre, Irc-ksk/friends of the earth philippines

As with other commodities, the international trade in minerals is driven by demand. Industrialization has increased global demand for minerals a thousand fold, and consumption continues to grow as minerals are involved in most of the goods and services consumed today.

However, our voracious consumption of metals comes at an enormous price. Mining has displaced numerous communities, especially indigenous peoples. In the Philippines, for example, over half of all mineral applications are in the ancestral domains of indigenous peoples. Globally, over 50% of all mining areas are in similarly significant places.

mining's environmental and social costs

The environmental consequences of mining are also serious: nearly 80 tons of mining waste are discarded for every ounce of gold. Mining also requires huge amounts of energy, and the mining sector is responsible for about 10% of global energy consumption. Mining also requires tremendous amounts of water: the amount of water used to extract copper, for example, is 3,200 liters per ton of ore.

The global mining industry is structured in a way that disadvantages poor communities and developing countries. While developing countries provide most of the world's mineral



ghana, gold and trade liberalization

[george awudi bright and helen la trobe, friends of the earth ghana]

Ghana's 1983 World Bank-IMF Structural Adjustment Program led to the privatization and massive expansion of Ghana's mining sector, particularly in gold for export. The government gave incentives to encourage mining investment: liberalizing imports, removing currency controls and reducing state regulation. This generated a more favorable investment climate for mining companies, and as a result 70-85% of large-scale mining is now foreign-owned. Mining companies are allowed to repatriate up to 80% of their profits, and all obstacles to total foreign ownership have been removed. As a result, it is estimated that only 10% of the value of Ghana's gold (some US\$70 million) actually accrues to the national economy, while the gross cost of environmental degradation as a result of accelerated activity in Ghana's extractive industries is estimated to be 5% of the country's GDP (about US\$2.23 billion).

tarnishing the environment

The environmental and social impacts of gold mining in Ghana have been catastrophic. Land degradation, habitat

destruction and air and water pollution by heavy metals, arsenic, sulphur, gases and dust have been widespread. Land has become so severely contaminated that it is no longer able to support vegetation or crops. Farmlands have been encroached upon by mining activities, severely undermining food security in mining communities where hunger persists.

Releases of poisonous gases from two major gold mines are so high that local people suffer from illness similar to arsenic poisoning. Cyanide, heavy metals and chemicals used in gold mining and processing are discharged untreated into watercourses, polluting drinking water and poisoning fish, an important food source. Mining also causes severe deforestation: 60% of Ghana's rainforests in the Wassa West District have already been destroyed by mining operations, for example.

harming people

Social impacts have been equally dire. Local communities have suffered eviction and forced relocation. It is thought that

around 50,000 indigenous people have been displaced by mining operations without adequate compensation. Women have been raped, activists illegally detained, local cultures denied, villages burned and local people intimidated. Social breakdown such as drug abuse, crime and prostitution is widespread in mining communities. Loss of farmlands and the use of access roads has caused growing tension and conflict between local people and the mining company's security personnel, as well as with police and the military, escalating into beatings and even the death of villagers. Gold mining activities in one area, where two-thirds of the local land has been sold off to multinationals, have caused the spread of malaria, tuberculosis, silicosis, acute conjunctivitis and skin diseases with very little compensation for local communities.

The government has now taken the decision to allow mining within Ghana's forest reserves. Prospecting has been completed, mining camps and infrastructure are already in place in most reserves, and mining companies are now going through the permitting process. Mining in forest reserves goes against the wishes of the majority of Ghana's people, and will only deepen the environmental and social crises already underway within and around Ghana's forests.

requirements in the form of ore, processing usually takes place elsewhere. The country where the mining takes place reaps far fewer benefits than the country selling the end product.

Whilst mineral resources are found in both developed and developing countries, the latter bear the main social and environmental costs. From 1999-2002, 68% of the world's mineral exports came from developing countries. In contrast, developed countries are the major exporters of semi-manufactured and manufactured goods based on these mineral resources. This structure endures in part because of "tariff escalation": tariffs on mineral ores are low, and high import tariffs on processed products discourage manufacturing elsewhere.

does the world need more mining?

Given the huge social and environmental consequences, should the international trade regime encourage increases in the mineral trade, potentially increasing consumption? The world has not yet maximized its use of existing minerals, as it could do

through more efficient recycling. The metals in computers and other electronics, for example, can be extracted and recycled instead of turning to new mineral resources.

Furthermore, some minerals, such as gold and gems, are extracted purely for investment purposes and ornamental use. Seventy-eight percent of the global demand for gold, for example, is for jewelry. WTO negotiations include proposals to reduce tariffs in the gold and gems sectors. This would bring down the price of those commodities, and could encourage further extraction in developing countries.

International trade rules should be about encouraging less mining and more recycling. They should also be about the primacy of food and other essential products, and should discourage trade in less essential minerals that are produced at huge social and environmental costs. After all, the lives and livelihoods of communities are far more important than any 24-carat gold ring.



mining frenzy in the philippines
 [lodel magbanua, Irc-ksk/friends of the earth philippines]

Following the global recession in the 1980s, countries in Southeast Asia turned to foreign investment to boost their economies. In 1990, an IMF-World Bank staff report described the Philippines as still having relatively restrictive laws and regulations governing foreign investment in key sectors. To attract more foreign investment, the Bank recommended that the government expand foreign participation in various industries, including mining.

Similarly, in 1994 the Asian Development Bank's mineral sector study proposed the abolition of the 40% limitation on foreign equity in mining corporations. It also recommended that mining companies be given tax holidays, full repatriation of profits, and other incentives.

On 30 March 1995, the Philippine Mining Act was enacted. This new law allowed fully foreign-owned corporations to explore, develop, utilize and exploit mineral resources. They could now apply for exploration permits, mineral processing permits and financial or technical assistance agreements (FTAAs) and could operate mining projects directly. They were also given a wide range of financial incentives, and incentives in relation to the employment of foreign nationals.

influx of mining companies

Four months after the enactment of the new law, 21 foreign mining firms (and one local one) had applied for FTAAs covering six million hectares - 20% of the total land area of the Philippines. Two 100% Australian-owned mining companies were soon awarded FTAAs: the Western Mining Corporation Philippines (WMCP) and the Climax Arimco Mining Corporation (CAMC).

The entry of these foreign mining companies had negative impacts on local indigenous peoples and communities. In Southern Mindanao, the WMCP organized "tribal councils" of their own making to fabricate the Free and Prior Informed Consent (FPIC) of affected indigenous communities required under the Indigenous Peoples Rights Act. The company employed deception, harassment, co-optation and coercion to obtain the consent of the B'laan indigenous group. Militarization also intensified with the entry of WMCP in the area. These tactics inevitably created resentment, divisions and conflict within these communities.

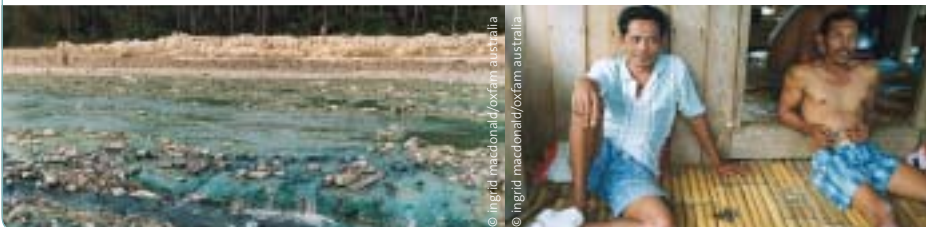
In 1997, the B'laan communities, together with support groups and individuals, filed a petition in the Supreme Court in an effort

to stop the incursion of foreign mining companies into their ancestral domains. The petitioners argued that the 1987 Philippine Constitution, which removed previous references to foreign corporations being involved in "service contracts", actually prohibited such corporations from operating and managing an entire mining project. Thus, the 1995 Philippine Mining Act, which resurrected the "service contract" arrangement, was void and unconstitutional. Ultimately, the Supreme Court upheld the petition in January 2004.

However, on December 1st, the highest court in the country reversed its ruling. Moved by fears of an economic backlash, the Court "reconciled" the Constitutional provision with the supposed imperative to liberalize mining.

dealing with the resource curse

Communities and environmental advocates continue to criticize the liberalization of the mining industry and the reliance on increased resource extraction as a shortsighted strategy for revitalizing the national economy. They cite the overwhelming evidence linking dependence on extractive industries to environmental degradation, underdevelopment, the increasing gap between rich and poor within society, and the disempowerment of peoples. The 2005 UN Human Development Report has aptly called this link the "resource curse". From the viewpoint of communities directly affected by large-scale mining projects, liberalization will not stem the crisis of the Philippine economy and environment, but will worsen it.



Bags of mine waste from the Marcopper mine in the Philippines decomposing in the Boac river.

Local people near the Marcopper mine suffering from arsenic poisoning.

"The disposition, exploration, development, exploitation, or utilization of any of the natural resources of the Philippines shall be limited to citizens of the Philippines, or to corporations or associations at least sixty percent of the capital which is owned by such citizens."

1973 Philippines Constitution

"The President may enter into agreements with foreign-owned corporations involving either technical or financial assistance for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils according to the general terms and conditions provided by law, based on real contributions to the economic growth and general welfare of the country."

1987 Philippines Constitution



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six desertification

trade, desertification and livelihoods

george awudi bright, friends of the earth ghana

Desertification has long been recognized as a major environmental problem, with adverse impacts on the livelihoods of people in affected areas around the world. Desertification currently affects one-sixth of the world's population and 70% of all dry lands, amounting to 3.6 billion hectares and one-quarter of the world's total land area.

In Africa, the impact of desertification is particularly acute. It threatens the lives of countless millions and seriously affects more than 39% of the continent, dangerously undermining the ability of countries to feed their people in the future. Furthermore, an increasing focus on exports to northern markets, combined with potential conflicts between trade rules and the UN Convention to Combat Desertification, means that further trade liberalization could worsen rather than improve this situation.



© tim rice, foe england, wales and northern ireland

causes of desertification

Desertification is a phenomenon that starts with loss of vegetation and leads to decreased soil fertility and ultimately barren land and desert. Natural factors such as drought, coupled with unsustainable human activities including forest removal, the indiscriminate burning of bush and forests, unsustainable farming practices and overgrazing, are all major causes of desertification. Impacts are severe and wide-ranging, and include soil erosion, declining soil fertility, the evaporation of water bodies, drinking water shortages, salinization, decreasing crop yields, food insecurity, hunger and starvation, disease, conflict over water and land resources, extreme poverty, migration and loss of biodiversity.

Technically, it is easy for the desertification process to be triggered in new areas if unsuitable policies encourage unsustainable land-based activities, as can happen when land is turned over to extensive export-led agricultural production. Ghana and Haiti are cases in point here, as shown by the case studies on the following pages.

combating desertification

Concern about the scourge of desertification, particularly in Africa, led the United Nations to elaborate the Convention to Combat Desertification (UNCCD) in 1996. One of the cardinal aims of the UNCCD is to minimize the degradation of land and halt the extension of deserts. It promotes the adoption of "long-term integrated strategies that focus ... on improved productivity of land, and the rehabilitation, conservation and sustainable management of land and water resources, leading to improved living conditions, in particular at the community level."

The adoption of export-led agriculture, as promoted through the WTO and other trade agreements, seems to be having exactly the opposite impacts in countries affected by desertification. Furthermore, one of the major principles of the UNCCD is that decision-making should be undertaken in collaboration with local communities. This is again at odds with the WTO, which through its services liberalization negotiations prioritizes the opening up of 'nature and landscape protection' services. This could have significant impacts on the rights and abilities of local and indigenous peoples to access and manage the natural resources found within protected areas for their own livelihoods and traditional uses.

expanding trade, expanding deserts in ghana [george awudi bright, friends of the earth ghana]

In Ghana, over 35% of the total land area is suffering from desertification. While Ghanaians are battling with existing desert conditions in the northern parts of the country, trade liberalization is generating new problems in the middle or forest savannah zone.

The forest savannah is a transitional zone, located between the borders of the northern savannah grassland and the rich southern forest belt. It is a critical buffer zone, protecting the forested south from desertification from the north. It is also richly endowed with biological diversity: a wide variety of birds, wildlife and plant species live in the forest savannah. Many of these species have biological and medicinal importance, and local people rely upon and manage them for their livelihoods.

water for life and livelihoods

This zone also holds important watersheds for the major rivers and their tributaries that flow through the country, meeting the water needs of the majority of Ghanaians and providing

fish. The zone's highly productive soils support a wide range of food and cash crops, and a large proportion of the country's timber and cocoa - major sources of foreign income for Ghana - also come from this area. In short, the forest savannah is the nation's food basket and a guarantee of food security.

However, as a result of trade liberalization, the cultivation and export of certain crops (previously grown mainly for local consumption) has been prioritized in certain critical ecological zones. No one can dispute the fact that expanded agricultural cultivation and the diversification of exports could bring much needed economic benefits to a developing country like Ghana. However, this cannot be achieved at the expense of Ghana's fragile ecosystems and future generations.

yam farming fobbbr export

Yam farming, particularly in the districts of Krachi and Nkwanta, is particularly problematic. These areas have undergone large-scale conversion of forest lands to

make way for yam cultivation, creating intense pressure on natural resources. In addition, preparing land for yam cultivation involves cutting and burning vegetation cover and removing tree roots (to make way for mounds and to allow tender yam roots to grow without obstruction). In such a delicate and fragile ecosystem, forest clearance, land degradation and intensive cultivation are a recipe for biodiversity loss, further desertification and food insecurity. Ultimately, the livelihoods of the poorest Ghanaians are threatened, rather than enhanced, by the increasing international trade in yams.

Loss of medicinal plants is also a problem. In the words of Dr. Ayikue Torkpo, a regional herbal medicine practitioner and expert, the medicinal plants found in the forest savannah zone are amongst the most potent anywhere. He believes that the loss of herbs and wildlife through land degradation poses a significant threat to the health of local people.

Friends of the Earth Ghana fears that trade liberalization threatens productive but fragile ecosystems and drylands in Ghana and the rest of Africa. In the near future, all of the world's remaining drylands may be transformed into desert lands.

small island states, food imports and desertification [aldrin calixte, friends of the earth haiti]

Over the past decade, small island developing countries unilaterally deregulated and liberalized their agricultural sectors as part of the structural adjustment process imposed by the Bretton Woods institutions. This liberalization often went much further than commitments entered into at the time of the WTO's Uruguay Round of trade negotiations.

As part of this process, many of these countries were granted preferential access to markets in richer countries, enabling them to continue to trade even though they were relatively small and therefore less efficient producers. However, current WTO negotiations, which aim to lower trade barriers in all countries, would reduce the benefits that many of the poorest countries receive from trade preferences. Without trade preferences, products from small islands such as coconut, banana, sugar and spices are likely to become uncompetitive at the global level.

food imports and environmental decline

Small island states are also increasingly dependent on food imports. Haiti, for example, now produces only 39% of its own food, importing 54% and relying on international food aid for the balance.

The progressive weakening of economies in these small island countries is a significant barrier to governments seeking to stem poverty, conserve natural resources, and promote fair and sustainable economies. Declining incomes also force people to turn to other natural resources, such as forests and fisheries, to try and eke out a living.

barely a tree left in the forest

In Haiti, for example, some landowners have been forced to give up farming because they simply cannot compete with the agricultural imports that now flow in freely from other countries. Instead, they overexploit local forest resources to produce charcoal. This,

together with generally increased pressure on local natural resources over the years, has led to the disappearance of 99% of Haiti's forests and the acceleration of land degradation and desertification. In turn, food availability and accessibility are negatively impacted.

In short, trade liberalization has had negative impacts on the economic, environmental and social circumstances of many small island developing countries, and accelerated desertification will continue to threaten people and environments in these regions.



part seven | energy

seven energy

energy, trade and climate change

damian sullivan, friends of the earth australia

WTO negotiations and regional trade agreements are increasingly affecting people's access to and control over energy. Energy underpins our economies, and its costs affect our ability to cook, keep ourselves warm and travel. However, energy is also used wastefully, and our ever-increasing demand for it is causing dangerous global warming which will affect all of our lives.

Transnational corporations make vast profits from energy - three of Forbes magazine's top ten corporations – Shell, Exxon and BP - are energy companies. These corporations want to increase their profits by reducing the control governments have over energy policies, and trade and investment liberalization agreements help them to do this.

calls for energy sovereignty

Fortunately, there is a growing alternative voice: people's movements around the world are calling for 'energy sovereignty', and focusing on how we can develop energy in the interests of people and the environment. Technological improvements alone cannot provide a solution. The international Oilwatch network, for example, sees energy sovereignty as a means for people to regain control over energy sources. They promote alternative energy technologies that contribute to the construction of sustainable social alternatives and more democratic societies, and generate forms of energy use that will keep people and the planet healthy.

nama: removing standards and labeling

One corporate tool for reducing government intervention in energy markets is the WTO's Non-Agriculture Market Access agreement (NAMA, see page 7). NAMA could be used to reduce governments' ability to implement a whole host of energy reduction measures, including energy standards and labeling schemes, which some countries have listed as non-tariff barriers to trade under WTO rules. It has also been proposed that NAMA be used to reduce tariffs in the energy sector, potentially decreasing prices and increasing consumption.

Friends of the Earth International has identified 212 instances of national legislation that have been 'notified' as obstructions to trade during negotiations for the NAMA agreement. It is unclear whether all these notifications are still on the table, but as the NAMA negotiations are formally intended to reduce or eliminate non-tariff barriers, many of them could remain in place. Additionally, the range of measures initially notified provides startling evidence of the ways in which governments intend to use the WTO to challenge environmental standards and labeling. For example, mandatory labeling for electric home appliances including for energy efficiency has been notified, as have fines when fuel efficiency in imported cars does not meet manufacturers' corporate average fuel efficiency.

trade agreements as barriers to action on climate change

There is clear scientific consensus that climate change is occurring, and it is one of the most serious environmental threats facing the planet today. The fundamental issue governments face is how to reduce emissions while limiting damage and protecting the poor and marginalized, who will bear the brunt of the impacts. Trade agreements and institutions such as the WTO have the very real potential to undermine both national and international action to address climate change by restricting government actions, even those legitimately designed to limit emissions.



dark days of energy privatization in colombia [censat agua viva/friends of the earth colombia]

One corporate tool for gaining greater control over energy is the WTO's General Agreement on Trade in Services (GATS, see page 8) agreement. GATS will reduce the ability of governments to decide who owns and runs national energy services, and will restrict their capacity to prioritize social and environmental goals including equity, affordability and environmental sustainability.

People in Bogotá and on the Caribbean coast of Colombia experienced the adverse affects of energy privatization when the Spanish corporations Endesa and Union Fenosa took over electricity generation, transmission, distribution and commercialization in a privatization process starting in 1998. Following privatization, electricity prices for some people rose 500 percent above the initial average price.

There have also been arbitrary suspensions of services to homes, public hospitals and community centers, and 1,750 electricity workers lost their jobs. The situation is generating serious social tensions, especially in underprivileged areas. World Bank and IMF advice initially prompted this privatization, but only the GATS process can lock such changes firmly in place, ensuring corporate windfalls.



seven energy

At a national level, trade agreements could limit the policy space governments have to reduce national greenhouse gas emissions, for example by limiting the use of policies designed to promote sustainable domestic industries by subsidizing them or ensuring local content. Trade agreements could also force governments to abandon laws or regulations (or limit the development of new laws) designed to reduce dependence on fossil fuels. Finally, trade agreements could lead to increased trade and consumption of fossil fuel resources as tariffs are decreased in energy intensive sectors, such as aluminum (which has been proposed for complete liberalization in the NAMA negotiations).

Internationally, trade agreements could take precedence over environmental protection, for example in disputes between the Kyoto Climate Protocol and the WTO. Saudi Arabia has already foreshadowed a challenge to the Climate Convention using the WTO. Trade agreements may also define the way in which emissions trading schemes work by restricting discrimination between types of emission units and stopping efforts to support small domestic enterprises during the allocation of emission units.

More fundamentally, the international trade system and the WTO in particular support a global economic system that is dependent on fossil fuels and is fundamentally inequitable and unsustainable. As the New Economics Foundation states, "Wealthy countries, even with the benefit of 'efficient' information and computer technologies, have failed to make the transition to 'weightless economies.' On the contrary, they are increasingly heavy, dependent on fossil fuels, polluting and – per person – generating carbon dioxide at many times the sustainable rate. Furthermore, international trade fails, even in conventional economic terms, to bring human development to the world's poorest countries. Maximizing trade for its own sake sets us on a collision course with the limits of social and environmental tolerance."



means to an end – and the myth of free trade as a solution to poverty exploded.

Governments need to recognize the importance of vibrant and sustainable local economies, and to consistently acknowledge the link between access to natural resources and poverty eradication. The environment cannot be treated as an add-on option that can be dealt with at some hazy point in the future. We are destroying our environment and impoverishing people right now, and trade liberalization negotiations are fuelling this process.

The World Trade Organization and regional free trade agreements like the Free Trade Area of the Americas (FTAA) are already faltering. This is because they are not delivering what people need. Trade liberalization negotiations need to be stopped and their objectives and impacts independently reviewed. Our natural heritage – including forests, fisheries, food, minerals and water - must be separated and protected from the entire trade liberalization agenda. There should be no question, for example, of sensitive environmental sectors such as forests and fisheries being included in the WTO's non-agricultural market access (NAMA) negotiations. Neither should energy and water services be included in its services agenda.

conclusion



The current system of global governance is incoherent and unbalanced, and permits the economic and trade priorities of the biggest and most powerful countries and companies to ride roughshod over all other concerns within the WTO, regional free trade agreements and even the United Nations. This undermines and is preventing effective international and even national efforts to promote peace, human rights, social progress and environmental sustainability.

It is increasingly clear that trade liberalization negotiations and rules have a significant impact on biodiversity and a wide range of natural resources, including forests, fisheries and food, water and minerals. Millions of impoverished people around the world – those who are most dependent upon natural resources or the territories in which they are found – have already lost or stand to lose their livelihoods. This is most likely to happen in those poorer countries that use relatively high trade measures to protect small farmers and fisherfolk and the environment, as well as those that currently enjoy preferential trade agreements. International trade liberalization agreements negotiated without attention to these potential impacts threaten to make poverty worse, not better.

The way we manage international trade must change. Systems of intergovernmental collaboration and cooperation need to be transformed. We require a coherent, coordinated and more balanced form of global governance that integrates peoples' economic needs and the multilateral regulation of trade with other important social and environmental concerns. International trade needs to be recognized for what it is - a

Governments must remain free to take whatever measures they deem necessary, including trade measures, to protect our heritage effectively and improve the lives of those people immediately dependent upon it. To constrain such action on the basis of short-term – and inequitable - economic priorities is absurd. In addition, governments need to amend all relevant international agreements so that governments cannot be forced into introducing intellectual property rights on life forms. Farmers', indigenous peoples' and local communities' rights to their traditional resources and knowledge should be fully protected.

Alternatives clearly exist and are possible, as is shown in the pages of this publication. Farmers in Colombia, for example, are resisting the impact of cheap imports by establishing their own local markets. Workers in Uruguay have successfully taken over and run an economically successful mill that pays its workers excellent wages, sources all its inputs locally and nationally and has encouraged farmers to reintroduce important food security crops. In Canada, crab and lobster fishing licenses are strictly limited to individual fisherfolk with small boats who are obliged to fish the licenses themselves, creating 45,000 new rural jobs.

New concepts are being developed as well. Food and energy sovereignty, together with water justice, are the new frameworks within which civil society is beginning to reorganize itself and its commerce, in order to develop fair and sustainable economies. Free trade has had its day. Another world is possible – and necessary.

