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## [The WTO and the future of forests - WRM Statement to the WTO Ministerial Conference](#)

Seattle, November 30 - December 3, 1999

### **The WTO and the future of forests**

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

Regarding forests, the WTO has become the chosen arena to protect corporations' interest threatened by environmental rules. Some few powerful corporations have managed to introduce their agenda by means of some few powerful governments. Their message is clear: if forest protection implies less profits, then it must be declared illegal. Corporate interest must prevail and current national and international environmental legislation will be considered as anti-"free" trade and subject to reprisals.

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

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

All the above is being pursued by corporations in spite of the worldwide acknowledgement that forests continue disappearing at an alarming rate -particularly in the tropics and in the boreal region- and that this trend needs to be halted if humanity is to have a future. The direct causes of this environmental disaster include logging, agricultural expansion, pollution, road building, mining, oil exploitation and hydropower. Behind those direct causes are the underlying causes, which include inequitable land tenure patterns, the lack of recognition of local communities' legal rights, social

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exclusion, ever increasing trade linked to over-consumption and a flawed international trade system. Logging is now seen as the most important direct cause of loss of primary forests, often leading to conversion of forests to agriculture and cattle-raising. Despite attempts at several levels to stop the forest crisis, the overall situation is not improving.

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

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

Further tariff reduction on forest products. This could take place either through the European Union's proposed negotiations on reducing non-agricultural product tariffs or through the USA's proposed 'Accelerated Tariff Liberalisation' (ATL) in the forest sector. Reduction of import tariffs will lead to increased consumption of those forest products which currently encounter high tariff levels -such as furniture and veneer- exacerbating the problems associated with already high consumption levels. Although this could benefit the economy of some Southern countries -such as Indonesia and Malaysia- it could at the same time result in negative impacts on their forests if not accompanied by other measures -such as certification- which the WTO also aims at eliminating as "non-tariff barriers to trade." A US Government sponsored impact study on forests of the ATL proposal predicts an increase in timber harvest in Indonesia and Malaysia by 2 to 4.4%, and in Sweden and Finland by 7 to 11%.

Non Tariff Measures to protect forests. Also potentially on the table are talks on reducing 'Non-Tariff Measures' (NTMs). These negotiations could be used to get rid of some NTMs currently in place to protect forests and forest peoples. Activities which could be branded NTMs and subject to reduction/prohibition are eco-labelling and forest-certification, import/export quotas, log export bans, requirements for recycling and waste recovery and subsidies. Most of these measures have been put in place to conserve forests or protect forest-dependent communities and such policy choices should not be restricted through the WTO.

Liberalisation of the agriculture sector. There will definitely be negotiations on agriculture as it is part of the so-called 'built-in agenda'. Although some agricultural liberalisation could be environmentally and socially beneficial (i.e. reducing production-related subsidies), other measures are expected to have a major impact on forests. For example, tariff reductions in sectors like palm-oil could increase pressure to convert forests for oil-palm plantations. This highlights the need for a much better understanding of the impacts of agricultural liberalisation on forests.

Investment. There is already a limited WTO agreement on investment measures and the European Union is pressing for the negotiation of further investment rules. If a wide-ranging agreement is reached on investment, it could further restrict the ability of governments to place conditions and restrictions on inward investment in the forest sector. For example, requiring inward investors to undertake a joint venture with a local forest firm (in order to improve accountability and facilitate technology and skills transfer) could be prohibited.

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Government procurement. The European Union is also pressing for government procurement rules to be on the negotiating agenda. Governments and local councils can currently use their purchasing power to help alleviate forest problems. This includes specifying the use of sustainably produced timber and buying recycled paper. Such actions could be deemed discriminatory and thus become illegal if government procurement disciplines are introduced into the WTO.

All the above will be put forward in the Seattle ministerial conference, amid strong opposition from thousands of civil society representatives coming from all over the world to make their voices heard. The struggle will not be against trade in itself, but against the prevalence of corporate interest over the interest of peoples and their environment. People and nature are not mere "resources" for the achievement of profits regardless of the consequences to the local and global environment. Forests are not stands of timber waiting to be logged to increase corporations' profitability. They are the home of many peoples, the habitat of countless animal and plant species, a crucial element for climate stability, for ensuring fresh water supplies, for the conservation of soils. Their conservation must therefore prevail over corporations' economic profits.

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

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

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

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

