



CORPORATE POWER OVER EU TRADE POLICY: GOOD FOR BUSINESS, BAD FOR THE WORLD

A new report by Seattle to Brussels exposes the undue lobbying by European big business that has resulted in an EU position in the WTO negotiations that is contrary to the “development agenda” of the Doha Round and that harms people and the environment. The report gives numerous examples of this in the negotiation areas of agriculture (processed food industry), services (financial and retail services) and non-agriculture goods (chemicals and natural resources), referring specifically to case studies of companies involved in each of these sectors.

1. Privileged access about EU trade policy remains unregulated

While citizens, workers, consumers and even European parliamentarians have little say in the trade policy decision making, business has had privileged access to the European Commission, which negotiates in the WTO on behalf of the EU. For example:

- The European Commission participates in some of UNICE's (Confederation of European Business in Europe) working groups. Peter Carl, former Director General of DG Trade, had a standing invitation to such working groups and meetings have been organised according to Mr. Carl's agenda.
- In the GATS negotiations, the texts of the requests made by the EU to developing countries for more market access even state “EU industry raises this issue”. The European Services Forum (ESF) has indeed access to secret GATS negotiation documents.
- A private meeting between some ESF members and Commissioner Mandelson on 31st May 2005 demonstrates the problem of revolving doors: former Competition Commissioner Van Miert was one of the participants.

The Seattle to Brussels network demands a change in the Commission's “European Transparency Initiative” (see Green Paper presented by the Commission in May 3rd 2006) about regulating lobbying in Brussels because it does currently not address this undemocratic privileged access.

Without transparency for lobby groups, some companies can exercise strong lobbying without the public or even the European Commission knowing, because they are able to lobby through various groups. For example, Unilever chairs the Dutch trade policy committee of the Dutch employers' federation, but is also President of the CIAA (Confederation of the Food and Drink Industries of the European Union), member of the CIAA Trade and Competitiveness Committee and rapporteur on agriculture for UNICE.

The Seattle to Brussels network condemns undue lobbying tactics such as exercised by UNICE: *“UNICE urges the EU to adopt a more offensive agenda in the WTO negotiations in all market access issues – including industry, services and agriculture – in close co-operation with the business community. UNICE will take action at the national level to ensure that you [Peter Mandelson] are provided with the adequate mandate to pursue just such a strategy.”* Such lobby strategies make it difficult for citizens all over Europe to knowing who is influencing the trade mandate and how trade policy decisions are made.



2. The European Union defends an unbalanced corporate agenda

The report provides numerous examples of how the EU negotiators in the WTO negotiations have uncritically reiterated positions of various business lobby groups that only defend their own interests. For example (see report pages 33 and 36):

What UNICE says	What the EU says
An "ambitious tariff liberalisation and elimination of non-tariff barriers (NTBs) will be one of the main criteria by which UNICE determines its overall support for the final deal."	"Each Member's overall contribution in the negotiations shall be evaluated on the basis of the effective market access granted through tariff reductions and the elimination of non-tariff barriers".
What Cefic (the European Industry Chemical Council) says	What the EU says
"[T]he chemical industry needs fairer, more open conditions for international trade and investment through the reduction or elimination of tariff and non-tariff barriers."	"The long term objective of both the Commission and the European chemical industry is to eliminate all barriers to trade."

The new report gives unprecedented examples of how the EU positions directly support business strategies. For instance, one request in the GATS negotiations on financial services was to remove a law in South Korea that prohibits insurance companies to invest more than 15% of their assets in real estate, because this prevents profit-making strategies by insurers and asset management banks such as ING who want sufficient return on investment. The GATS requests made to developing countries attack many national laws that aim at preventing a financial crisis.

The report also concretely shows how the many demands by business lobbies for market access and deregulation have been incorporated in the EU positions and ultimately into the negotiation texts. The EU has taken on board demands expressed by the lobby groups such as Eurocommerce, the ESF, the European Retail Round Table and the Financial Leaders Group regarding the economic needs test, permission to full foreign ownership and free movement of business personnel. As the report shows on page 30, these demands were successfully negotiated into the Hong Kong Ministerial Meeting Declaration (December 2005) as guidelines for the GATS negotiations, notwithstanding strong developing country opposition.

3. The EU's corporate agenda harms Europe and developing countries

The businesses whose lobby demands have been supported by the EU have often harmed the interests of workers, women, livelihoods and the environment in the EU and in developing countries. For instance:

- The removal of the economic needs test will result in the deregulation of already fragile developing countries' markets with a consequential undermining of their capacity to manage possible negative impacts by foreign investments. Indeed, when supermarkets like Carrefour enter developing country markets, opportunities for the developing country to grow economically can be lost. Carrefour, represented by different lobby groups, has shown to contribute to downward-income, job-cuts and poor working conditions at supermarkets



and their suppliers, and the marginalisation of small farmers and their producers both in Europe and in other countries where they operate. By imposing undue conditions on suppliers (Carrefour was fined for this in Indonesia), big supermarkets have squeezed small suppliers and small shop keepers, often women, out of the market.

- The Sustainability Impact Assessment published by the EU shows how trade liberalisation in forest-based products can harm bio-diversity and increase illegal logging with adverse environmental impacts. A new investment of Botnia in Uruguay, for instance, shows how diversity can be diminished and pollution sharply increased.
- Putting business interests first can not be justified by the argument of job creation - Unilever's global employment declined from 265,000 in 2001 to 206,000 in 2005 (from 308,000 in 1995) and Bayer cut 25,200 jobs between 2001 and 2004 in spite of its increasing profits.

4. No to the new EC communication on “competing in the world”

The Seattle to Brussels network strongly rejects the communication by Mandelson published on 4 October 2006 ‘*Global Europe - competing in the world*’ which reinforces the unbalanced support for European business strategies in its trade policy. The Seattle to Brussels network renews its call to fundamentally change the EU’s trade policies and provides concrete ideas to do so.

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