

trade

Machiguenga girl in Timpia, one of the communities directly affected by the Camisea gas pipeline in Peru (see page 26-27).

Issue 103

business rules: who pays the price?

how corporate influence in the wto impacts
people and the environment





friends of the earth Friends of the Earth International is the world's largest grassroots environmental network, uniting 68 diverse national member groups and some 5,000 local activist groups on every continent. With approximately one million members and supporters around the world, we campaign on today's most urgent environmental and social issues. We challenge the current model of economic and corporate globalization, and promote solutions that will help to create environmentally sustainable and socially just societies.

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While this report reveals only the tip of the iceberg, it leaves no doubt about the moral bankruptcy of the World Trade Organization (WTO) system. Behind the rhetoric about 'rules-based trade', 'liberalization' and the 'Doha Development Round', the reality is that the WTO's trade and investment rules are consistently being shaped around the interests of transnational corporations, consolidating their global expansion and removing any remaining obstacles.

Over 250 lobby groups defending the interests of transnational corporations are accredited to take part in the WTO Ministerial in Cancun. They will be there to make sure that negotiators stick to the business-friendly agendas that the US, the EU and other northern governments will bring to Mexico. While WTO Summits are key political events, corporate power over international trade agreements stems not from the massive business presence at summits, but from systematically corporate-biased trade decision-making in Washington DC, Brussels, London, and the other capitals of industrialized countries.

We hope this report will serve as a guide for citizen's action, in Cancun, and even more so in cities and communities around the world. A consistent and focused activist challenge to corporate-led trade policies is the only hope for making trade and investment serve people and the environment.

corporate europe observatory (ceo)

preface

corporate europe observatory and friends of the earth international

Friends of the Earth International campaigns for fair and environmentally sustainable societies that meet people's needs. In order to do this, we've found it necessary to challenge neoliberal economic globalization, which works in the opposite direction, preventing sustainability.



Neoliberal economic policies are failing people in many different ways. We live in a world in which inequality is on the increase and many millions are unable to meet even their most basic needs. Forests are being clear-cut, minerals strip-mined and fossil fuels exploited at completely unsustainable rates to provide natural resources for the global economy. Democracy is being eroded as power is concentrated in fewer and fewer hands. Biological and cultural diversity are dwindling at an alarming rate. Hard won social and environmental standards are threatened.

The truth is that trade liberalization has winners and losers - and the winners include wealthy transnational corporations scouring the globe for new markets, weak competitors, cheap resources and lower operating costs. These companies, growing in size and power, can and do influence governments to change the rules of the global economy in their favour, at the expense of people, local economies and the environment. Friends of the Earth believes that it's time to take a much closer look at the links between transnationals and trade, to establish just who is benefiting and how. This publication is intended as a first step in that direction. Don't let big business rule the world!

ricardo navarro, chair, friends of the earth international



business rules: who pays the price?

Through a series of case studies, this publication highlights the powerful influence of corporations on the World Trade Organization (WTO) process. Big business has unparalleled access to trade negotiators, and this has resulted in a set of trade rules and agreements that directly benefit transnational commercial enterprises – often at the expense of local communities and small businesses, as well as future generations and the environment.

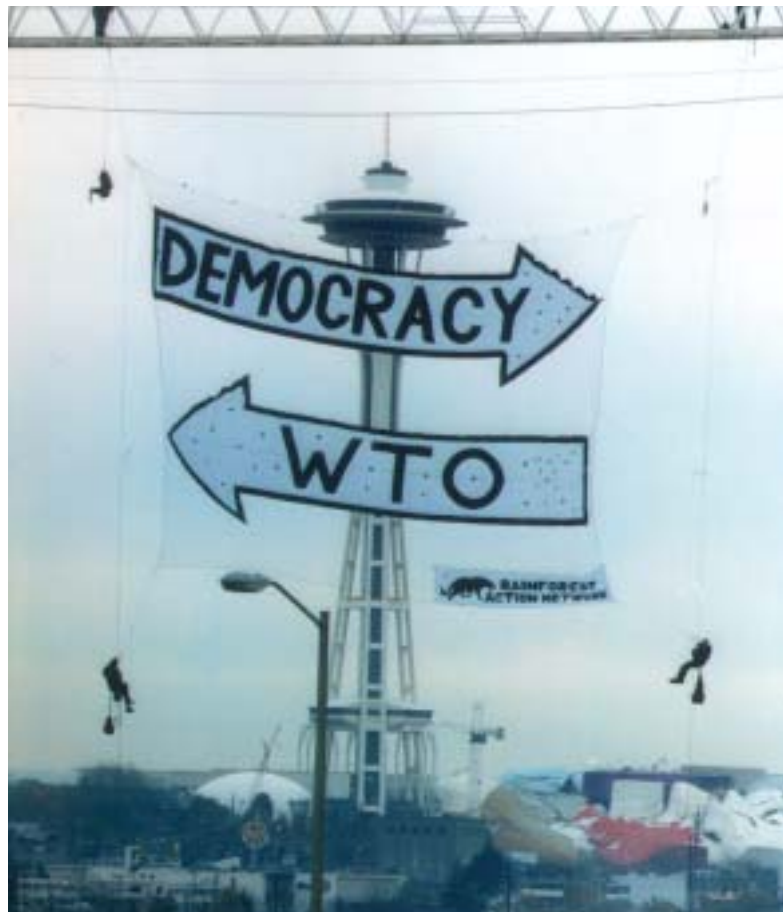
According to WTO spin, we are all winners from ‘free trade’. Rich and poor alike, those in the global North and South all benefit from the breaking down of trade barriers through the WTO and regional trade agreements like the Free Trade Area of the Americas (FTAA). Critically, pro-‘free trade’ governments claim that what is good for big business will also be good for people and their environment.

The reality is vastly different: all too often, communities and the environment are the losers from trade ‘liberalization’. Communities’ interests are ignored, as they have no access to negotiators deciding on rules and agreements, and the environment loses as the protection of our natural resources is seen as inferior to international trade and investment flows.

Within the WTO, the United States, Japan and the European Union are the most powerful players. Transnational corporations have direct access to all three, particularly through influential corporate lobby groups. The immense financial and political muscle of corporates, combined with the status accorded them by ‘free traders’, allows them to influence both the WTO Secretariat and key governments, promoting WTO rules that protect and advance their interests.

a look behind the scenes: corporates and the wto

The case studies we present demonstrate how corporations are instrumental in developing WTO agreements that have detrimental impacts on people and their environments. The transnationals featured in this publication include Pfizer, Suez, Halliburton, Monsanto and Exxon Mobil. The corporate lobby groups include the International Chamber of Commerce (ICC), Pharmaceutical Research and Manufacturers of America (PhRMA), the Biotechnology Industry Organization (BIO), the European Services Forum (ESF), the US Coalition of Service Industries (USCSI), [the National Foreign Trade Council \(NFTC\)](#) and the American Farm Bureau Federation (AFBF).



We focus on the impact that these corporations and lobby groups have on people and the environment in four key areas: food, health and environmental standards, access to essential medicines, control over foreign investment and access to essential services.

The dispute over genetically modified foods in the WTO highlights a wider battle concerning the freedom of countries to decide upon their food, health and environmental regulations and reject food imports accordingly. As far as medicines are concerned, we look at the pharmaceutical industry's highly effective campaign to use the WTO to undermine access to essential medicines in the South. In relation to investment, the experiences of communities under the North American Free Trade Agreement (NAFTA) raise grave doubts about the wisdom of expanding the WTO's mandate to include an investment agreement that will take away communities' control over corporate investments in their region. And finally, the 'liberalization' of services, through WTO's General Agreement on Trade in Services (GATS), is an outstanding example of the way in which corporations are successfully influencing the WTO at the expense of local communities and their access to essential services like water and electricity.

undermining food and the environment

Farmers and consumers in Europe and around the globe will be the big losers if the US succeeds in its push to force-feed GMOs to the world. The US agribusiness lobby, which includes giants like Monsanto and the American Farm Bureau Federation, are key players who are pressuring the US government to challenge the European Union's restrictions on GMOs in the WTO. The case studies about the Starlink corn scandal and corn contamination in Mexico illustrate that strong national and international precautionary measures must be prioritized and protected from trade interests.

Furthermore, in a move that threatens effective international action on climate change, corporate lobby groups are supporting a push by some governments to undermine Multilateral Environmental Agreements (MEAs) through the WTO. In addition, the US corporate lobby in particular is spearheading a campaign to use the WTO to undermine the precautionary principle, which is a key aspect of sound environmental policy. At stake is the implementation of the recently ratified Biosafety Protocol and a host of national food and health standards designed to protect consumers and the environment.



Water privatization protests in Cochabamba, Bolivia.



limiting access to medicines

Access to medicines is essential to human health, and as such, the decision by the WTO to ensure access to essential medicines must be applauded. Subsequent lobbying by the powerful pharmaceutical industry, however, has restricted the reforms with the result that many people in the South will lack access to the medicines they need.

pushing for an investment treaty

Our concerns about the proposed WTO investment agreement are highlighted in a description of the experience of the communities along the beautiful Baja coast in Mexico. Their livelihood, which is based on tourism, is threatened by a giant Shell gas project. This project will destroy the natural beauty of the area and also threaten the local grey whale populations. The dangers posed by a WTO investment agreement are also evident in NAFTA's strong investment provisions, which tobacco giant Philip Morris has threatened to use as part of its successful campaign to block changes to Canadian tobacco labeling laws. Both Shell and Philip Morris are active members of the International Chamber of Commerce, one of the most vocal proponents of a WTO investment agreement.

'liberalizing' services around the world

The potentially devastating impacts of the 'liberalization' of services are demonstrated by the experiences of several communities. In Uruguay, people are suffering from price hikes and poor water quality as a result of the privatized water services operated by Suez. In Bogota, Colombia, a privatized energy scheme operated by Endesa is causing similar problems of diminishing levels of service. In Peru, Halliburton's Camisea gas project is threatening the well being of local indigenous people and endangering an extremely sensitive ecological area. Working through lobby groups, all of these companies have been vocal proponents of services 'liberalization' in the WTO's GATS negotiations.

no new negotiations!

This publication highlights only a selection of the issues and stories about the devastation caused by current 'free trade' agreements. In other publications, we have described other fundamental problems with the 'free trade' agenda (see www.foei.org and www.corporateeurope.org). Friends of the Earth International and Corporate Europe Observatory believe that there is enough evidence to stop further negotiations and call for an independent assessment of the impacts of 'free trade'. We call on governments to reconsider the current economic system and the way we measure human well being, and to ensure local control over our economy and environment.

US President George W. Bush addressing the "BIO 2003" biotechnology industry lobby conference.



pushing gmos down our throats

us government, agri-business and wto launch food fight with europe

EU consumers and farmers are adamant that they want GMO-free food, but powerful agribusiness interests including Monsanto and the American Farm Bureau Federation have been pressuring the US government to use the World Trade Organization (WTO) to force Genetically Modified Organisms (GMOs) onto a hostile EU consumer market.

Since 1998, the EU has upheld a *de facto* moratorium on the approval of GMO crops and foods. This moratorium was established to allow the EU to develop comprehensive legislation on GMO testing, marketing, labeling and traceability in the food chain. Such legislation, based on the 'precautionary principle' (see page 13), was an important response to public fears about the loss of consumer choice and the possible health and environmental risks of this new technology (see examples pages 10 and 11). But US agribusiness will not give up the EU market without a fight, and is using the WTO dispute settlement mechanism to try to force the EU to open its markets to GMOs.



“There is enormous international pressure to allow GM crops and seeds in this country from the biotech companies. They are going through national governments and the World Trade Organization and pressurizing the EU.”

UK Countryside Minister Elliot Morley, *The Guardian*, 20 August 2002.

getting cosy with decision-makers

Given the profits at stake, it's not surprising to find that Monsanto and the US agribusiness lobby have made a concerted effort to ensure that the US government protects corporate interests.

In the US, Monsanto's close ties with the government are the result of money well spent: in 2000, the company dished out US\$2,002,000 on lobbying and donated lavishly to well-placed politicians. This generosity appears to have paid off with direct access for Monsanto to US government officials and negotiators, as well as representation on the government's Agricultural Policy Advisory Committee for Trade and the US Drug Administration's Biotech Advisory Panel.

Monsanto is active in all of the major US agribusiness and biotech lobbies, including BIO, the US Grains Council, and the Food Industry Codex Coalition. All of these lobby groups are opposed to the EU's protective stance on GMOs: BIO complains that the moratorium “threatens the viability of the global trading system”, and the US Grains Council and the National Corn Growers Association urged the US government to launch a WTO dispute against the EU due to its “hysterical” position on GMOs. Monsanto is also a member of Europabio, the main European biotechnology lobby group, which also argues that the moratorium is “indefensible”.

Monsanto has a close and powerful ally in the American Farm Bureau Federation (AFBF), ranked by *Fortune* magazine as one of the most powerful organizations in Washington. Despite its cultivated appearance as a ‘grassroots farmers’ organization’, the AFBF has extensive corporate connections and its policy positions reflect the concerns of corporate agribusiness. The AFBF has repeatedly lobbied the US Administration to take action in the WTO against the EU's GMO policies.

Monsanto's high-level influence with the US government is strengthened by a ‘revolving door’ through which staff drift between industry and government. For example, Michael (Mickey) Kantor, a former Secretary of the US Department of Commerce and former US Trade Representative, is now a member of Monsanto's Board of Directors. Michael Taylor, who previously worked as an attorney for Monsanto, was Deputy Commissioner for the US Food and Drug Administration when it controversially approved Monsanto's BST milk-enhancing hormone, and

monsanto rules the fields

Monsanto is the largest GMO producer on the planet: 90 percent of the 140 million acres under biotech cultivation worldwide were sowed with the company's corn and soy. For Monsanto and other biotech firms, profits rely heavily on consumer acceptance. Companies claim that they have foregone an estimated US\$300 million in exports to Europe thanks to the EU's moratorium.

This battle is not only about Europe: consumers and farmers across the globe are calling for local control over food and agriculture. The recent example of countries in southern Africa and elsewhere rejecting US food aid contaminated by GMOs illustrates the growing rejection of US attempts to force GMOs onto an unwilling global public.

later returned to Monsanto as a Vice President. These connections are not limited to the US Administration: Monsanto's former Chief Counsel, Rufus Yerxa, was appointed deputy to the WTO Director General in August 2002. The *Financial Times* described Yerxa as “...just the man [the WTO Director General] will need should the US ever bleat to the WTO about EU restrictions on genetically modified food.”

These familial connections between Monsanto, the US government and the WTO doubtlessly facilitated the launching of the current dispute with the EU over GMOs. The public launch of the trade war was covered with Monsanto's fingerprints: several speakers at the press conference were linked to Monsanto, including the so-called “small farmer” from South Africa, who in fact regularly speaks on behalf of Monsanto at various pro-biotech platforms. Tactics like this are a slap in the face to real small farmers, as well as consumers around the world, who will be the true losers if corporate interests are allowed to prevail in this food fight.

“This is the world’s worst case of contamination by genetically modified material because it happened in the place of origin of a major crop. It is confirmed. There is no doubt about it.”

Jorge Soberón, Secretary of Mexico’s National Biodiversity Commission, April 2002.



contaminated corn in mexico

Contamination of corn in Oaxaca, Mexico, highlights the real threat that Genetically Modified Organisms (GMOs) pose to the environment. Government legislation to prevent GMO contamination of the natural environment is likely to be challenged by the US in the World Trade Organization.

The contamination of native corn at its source of origin in Oaxaca, Mexico by transgenic corn was confirmed in September 2001. According to a Food First report, written by the ETC Group (Action Group on Erosion, Technology and Concentration), “The location of the contamination is one of the world’s most valuable reservoirs of genetic material for plant breeding and a foundation for global food security.”

Mexico has had a moratorium on the planting of GMO corn since 1998. However, GMO corn was still being imported from the US, and farmers were probably unaware that they were planting genetically modified

seeds. As Olga Toro Maaldonado, a Oaxacan farmer stated, “No one told us that we should not plant the corn.”

According to the Food First report, “this genetic pollution poses ‘significant potential risks’ that have not been fully and independently studied, such as genetic effects on local corn varieties as a result of cross-pollination by genetically modified plants, the largely unexplored health risks of eating GM foods, and potential ecological and crop management problems which may arise as modified traits pass from the GM crops to wild relatives. The contamination could also potentially expose Mexican farmers to the risk of lawsuits for infringement of monopoly patents, and could threaten future opportunities to export untainted corn to GM-free markets in Europe and elsewhere.”

more information:

Food First: www.foodfirst.org/media/press/2002/geneticpollution.html



“What do our consumers have to say when the FDA is not there and the EPA is not there, Agriculture’s not there, but Friends of the Earth finds this out? What kind of regulatory scheme is that?”

US Senator Tom Harkin, 26 September 2000, at an emergency Senate meeting on GE food safety.



StarLink corn contamination is the perfect antidote to overconfidence in relation to GMO safety regulations. This genetically modified crop was never meant to be consumed by humans; however, due to the failure of regulation, StarLink corn ended up in thousands of popular food products.

the starlink scandal

In September 2000, Friends of the Earth, as part of the GE Food Alert Coalition, commissioned the laboratory testing of Taco Bell taco shells and found them to be contaminated with GM products not fit for human consumption. The discovery of the contaminated corn led to an immediate nation-wide recall of products, a drop in the price of US corn, and a drop in US corn exports to Japan.

In the years following the initial exposure of the StarLink contamination, a number of court cases have been settled with multimillion dollar payouts. Aventis CropScience and several food manufacturers including Kraft Foods Inc agreed to pay US\$9 million dollars to consumers who brought a class action lawsuit against them, alleging that genetically modified StarLink corn caused allergic reactions. In a separate suit, StarLink Logistics and Advanta USA agreed to pay \$110 million to farmers whose crops were contaminated by StarLink corn, or who suffered from a drop in corn prices related to the StarLink incident.

It is alarming that the US regulations that were supposed to guard against contamination by products like StarLink utterly failed. And StarLink corn didn't just affect US consumers: in December 2002, over a year after the initial contamination, Japanese investigators discovered StarLink in a shipment of US corn bound for Tokyo's food supply. Similarly, StarLink contamination was discovered in Korea and in a package of US Food Aid that was shipped to Bolivia.

The StarLink scandal should serve as a cautionary tale against overconfidence in corporate reassurances of food safety and the need for adequate regulations where GMOs are concerned.

more information:

Friends of the Earth United States: www.foe.org/safefood/

In a move akin to putting the wolves in charge of the henhouse, a World Trade Organization (WTO) committee is busy determining the relationship between environmental agreements and WTO trade rules. Unless this process is derailed, key aspects of multilateral environmental agreements could be subordinated to trade rules. This would formalize the ongoing global corporate campaign to undermine international environmental regulation as witnessed in the oil industry's attacks on the Kyoto Climate Protocol, as well as in the biotech lobby's attempts to jeopardize agreements protecting people and the environment against GMOs.

pushing climate off the table

Although multilateral environmental agreements may seem distant from people's lives, they have very real impacts. Consider the Kyoto Protocol, which is designed to limit the impacts of global climate change. According to the United Nations World Meteorological Organization, climate change is linked to record numbers of extreme weather events, including increased floods, tornadoes, heat waves, bush fires, and droughts. Such events, which are increasing in frequency and severity, have serious real life consequences. Floods in southern Africa in 2000, for instance, left hundreds dead and over 1.25 million people homeless. In May 2003, a record 562 tornadoes hit the United States and killed 41 people.

Though far from perfect, the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol provide a starting point for addressing dangerous climate change, and are the result of long years of multilateral negotiation between governments within the framework of the United Nations. Even though the Protocol has not yet been ratified (it will come into effect when Russia, which has expressed its support for the agreement, finally signs), Saudi Arabia and powerful oil companies such as Saudi Aramco have already been attempting to undermine climate agreements in the WTO. They argue that subsidies for renewable energy discriminate against other energy forms, and criticize the emphasis placed on domestic energy reduction in developed countries. The use of the WTO as a forum to weaken the Kyoto Protocol is a harbinger of future trade and environment conflicts.

sabotaging the environment

wto pits eco-agreements against corporate interests



biosafety protocol under threat from wto

Another environmental agreement that is the fruit of more than ten years of negotiations and campaigning is the Cartagena Biosafety Protocol, which comes into force in September 2003. The Biosafety Protocol seeks to protect biological diversity from the potential risks posed by genetically modified organisms, and allows countries to ban or restrict the import and use of GMOs.

Based on the precautionary principle (see next page), the Biosafety Protocol is bound to be contentious for business interests. Throughout the negotiations, continuous pressure by the United States resulted in conflicting wording over the relationship between the treaty and the WTO being inserted. While stating that the Protocol should not comprise rights and obligations under existing agreements, the text also says that this "is not intended to subordinate this protocol to other international agreements."

With the Biosafety Protocol entering into force, there is widespread speculation that signatories could be challenged in the WTO over the use of relevant trade measures at the national level. The US has already filed a complaint against the EU's moratorium on GMOs (see page 8), but this could be just the tip of the iceberg when it comes to challenges to countries attempting to set environmental and social policies that interfere with corporate interests.

bringing environmental 'problems' to the wto

To date, business lobby groups have had to take a case-by-case approach to their attacks upon environmental regulations and the precautionary principle (see below). However, their task would be much simplified if WTO rules would simply preside over Multilateral Environmental Agreements (MEAs), and lobby groups have taken up this challenge with relish.

The way in which negotiations on the relationship between the WTO and MEAs (being held in the WTO's Committee on Trade and Environment) are proceeding indicates that there is every likelihood that the WTO will reach an agreement that ensures the primacy of its own trade rules over environmental agreements. In particular, there is a significant risk that negotiations could allow the WTO to decide what trade measures may be included in a MEA or used to implement a MEA at the national level, limiting the right of governments to rule in favour of the environment. Industry will continue to push for the dominance of trade rules over environmental agreements like the Biosafety Protocol and the Kyoto Protocol.

Take, for example, the OECD's Business and Industry Advisory Committee (BIAC). As the official business advisory group to the OECD, BIAC enjoys ample opportunities to influence policies in OECD member countries. BIAC's Environment Committee is chaired by the corporate water giant Suez; Monsanto, Pfizer and BASF are vice chairs of its Biotechnology Committee; DuPont chairs the Trade Committee and Shell is Vice Chair of its Taskforce on Climate Change.

The 38 major industry lobby groups that make up BIAC have a consensus to support WTO negotiations on MEAs, which effectively means making trade measures in MEAs subservient to the WTO. They also strongly oppose any attempts to introduce precautionary measures into the WTO. Friends of the Earth and other social and environmental movements are calling for negotiations on the relationship between trade and environmental agreements to be shifted to the UN rather than being dealt with in the industry-dominated World Trade Organization.

pushing climate off the table

Exxon Mobil/Esso's sleazy actions to undermine the United Nations Framework Convention on Climate Change and the resulting Kyoto Protocol have been widely exposed and discredited. Exxon Mobil was a key contributor to the Global Climate Coalition (GCC), the industry front-group that took a lead role in undermining initiatives to solve global warming. In 2002, Friends of the Earth's claim that Exxon Mobil was largely responsible for the United States not signing the Kyoto Protocol was backed up by a leaked letter from Exxon Mobil to President Bush. The letter, referring to the upcoming Earth Summit negotiations, stated: "... the least important global environmental issue is potential global warming and we hope that your negotiators at Johannesburg can keep it off the table and out of the spotlight."



more information:

FoEI trade publications: www.foei.org/cancun

FoEI climate campaign: www.foei.org/climate

FoEI GMOs campaign: www.foei.org/gmo

Stop Esso: www.stopesso.com

throwing precaution to the wind

A 'who's who' of the US business lobby – the National Foreign Trade Council, the International Chamber of Commerce, the US Chamber of Commerce and the Biotechnology Industry Organization - is battling to undermine the 'precautionary principle', one of the key features of international environmental agreements and national environmental policy, in favour of what they term 'sound science'.

The precautionary principle holds that potentially dangerous activities can be restricted or banned by governments on the basis of uncertainty, without having to provide conclusive scientific evidence that damage will occur. 'Sound science', on the other hand, would allow business much greater leeway, especially in cases where negative impacts cannot be proven in advance. The precautionary principle is the basis for policies ranging from many national government's quarantine regulations to the EU's GMO legislation.

WTO rules are an effective means for the corporate lobby to undermine the precautionary principle, because they can argue that environmental measures restrict trade more than is necessary and therefore contradict WTO agreements.

The National Foreign Trade Council (NFTC), a Washington-based trade lobby group, with members including climate treaty saboteur Exxon Mobil, post-Iraq War contractors Bechtel and Halliburton (see p. 26), Citigroup,

Microsoft, Pfizer (see p. 14) and public relations firm Hill & Knowlton, spent more than US\$1.8 million dollars on dedicated trade lobbying in 2000.

The NFTC made a huge splash with its 2003 paper "Looking Behind the Curtain: The Growth of Trade Barriers that Ignore Sound Science", which argues that the EU's moratorium on GMOs as well as laws for tracing and labeling GMOs must be countered. The paper also calls for the overriding of Japanese and Korean quarantine requirements for fresh produce and processed fruit and nuts; the striking down of bans in many countries on various food additives; the overturning of EU chemicals legislation; and the trashing of a host of other national environmental and health policies. The paper received strong support from the US government, and US Department of Commerce personnel were apparently so impressed by the ideas it contained that they placed it prominently on their website.

The International Chamber of Commerce (ICC), the world's most powerful corporate lobby group, is not surprisingly an enemy of the precautionary principle. At a May 2003 meeting with French President Jacques Chirac, who was hosting the upcoming G8 Summit, the ICC urged him to support biotechnology and the use of, "sound scientific enquiry and reasonable caution". Empathy with the genuine concerns of thousands of EU farmers and millions of consumers does not figure into the lobby group's approach: ICC Secretary General Maria Livanos Cattai bluntly called the EU's moratorium on GMO foods "absolutism run riot".

Doctor from Médecins Sans Frontières takes skin sample from a Peruvian man suffering from leishmaniasis; AIDS patient in Kenya; tuberculosis victim in Cambodia (next page).

“Our combined strength enabled us to establish a global private sector-government network which laid the foundation for what became TRIPS.”

Edmund Pratt, Former Pfizer CEO



a bitter pill

blocking the supply of essential medicines

Every day, tens of thousands of people suffer from treatable illnesses like HIV/AIDS, malaria, tuberculosis, cardiovascular disease and pneumonia. The WTO's TRIPS agreement forms a significant barrier to the provision of essential medicines that would save many lives in developing countries.

tripping people up

The TRIPS, or Trade-Related aspects of Intellectual Property Rights agreement, was adopted largely as a result of lobbying by US corporations, particularly those in the pharmaceutical sector, which were anxious to protect their profits by blocking the distribution of cheap 'generic' drugs.

So-called 'generic' drugs are copies of the patented 'brand name' drugs developed and patented by pharmaceutical companies. By enforcing a 20-year patent protection period for pharmaceuticals, the TRIPS agreement means that cheap drugs are inaccessible to those who need them. Treatment is more expensive, and the chances of managing or curing disease, especially amongst the poorest, is therefore much reduced.

Following widespread protest about this policy by civil society and developing country officials, WTO member countries agreed at the 2001 Ministerial in Doha to a compromise that would override patents to make medicines more widely available. Since then, however, powerful governments -- particularly the United States -- have backtracked, working to undermine this agreement. A look behind the scenes reveals that drug companies and pharmaceutical lobby groups are using their enormous influence to retain control over the provision of medicine.

Echoing the cries of the pharmaceutical lobby, the US government is arguing that patents should only be overridden in the case of a 'public health crisis'. In effect, this is welcome news for those needing drugs to treat HIV/AIDS, malaria and tuberculosis. Pneumonia, however, which kills over one million people each year in Africa and for which a vaccine for children has been registered in the United States, could be exempt if the US government and corporate lobby groups succeed in restricting the number of diseases for which generic drugs are available. Similarly, drugs for cardiovascular disease, the third biggest killer in Africa, would not be covered. Pfizer makes huge profits from its patent protected cardiovascular drugs: Lipitor, for instance, is the world's largest selling drug and has annual sales exceeding US\$6 billion dollars.

behind the bitter pill

Drug companies have developed a sophisticated and highly effective web of influence, both in the United States and globally. The basis of their power is their growing economic weight: the combined worth of the world's top five drug companies is twice the combined GNP of all sub-Saharan Africa.

Pfizer is one of the biggest players in the pharmaceutical industry, which is widely considered the most influential industry lobby in Washington. In 2000, the company spent US\$3.4 million on direct lobbying of the US government, and Pharmacia, the company with which Pfizer subsequently merged, spent US\$3.7 million. Pfizer enjoys close access to key WTO decision makers, and Pfizer CEO Henry McKinnell met with WTO Director General Supachai Panitchpakdi and South African Minister for Trade and Industry Alec Erwin at the 2003 World Economic Forum in Davos to negotiate a "solution" to the access to medicine issue.

In addition, Pfizer is a major player in PhRMA, the extremely powerful US pharmaceuticals industry lobby group, which spent US\$7.4 million dollars lobbying the US government in 2000. Pfizer CEO Henry McKinnell was chair of the PhRMA Board in 2001 and 2002 and is currently co-chairman of the US Business Roundtable and on the Board of Directors of the US Chamber of Commerce.

Not surprisingly, Pfizer and PhRMA were closely involved in the shaping of the TRIPS agreement. As former Pfizer CEO Edmund Pratt stated, "Our combined strength enabled us to establish a global private sector-government network which laid the foundation for what became TRIPS." The US government position that eventually became the basis for TRIPS did indeed bear a striking similarity to the wishes of the industry lobby groups.

The clear winners from this agreement so far are the transnational drug companies, which have been able to steer WTO policies through their influence in Washington and Geneva. The quiet tragedy, however, is that millions of people in poor countries continue to suffer needlessly due to their lack of access to affordable medicine.

more information:

Campaign For Access to Essential Medicines, Médecins Sans Frontières:

www.accessmed-msf.org/index.asp

"Formula for Fairness: Patient Rights Before Patent Rights", Oxfam

America: www.oxfamamerica.org/publications/art793.html

The Centre for Public Integrity: www.opensecrets.org

"I'm tired of the logic that says: 'He who can't pay, dies.'"

Dr. James Orbinski, International President of Doctors Without Borders/Médecins Sans Frontières.





shell raising hell in mexico

wto investment treaty threatens communities

In 2002, the oil giant Shell announced its plan to develop a gigantic new gas facility in a delicate marine ecosystem in Costa Azul, Mexico. Local residents are opposing the project due to the projected severe social and environmental impacts. This project is just one among many unwelcome intrusions that communities would find harder to change if the WTO investment treaty is agreed to in Cancun. And Shell is just one of the companies, many of them grouped in the influential International Chamber of Commerce, that would benefit from this new investment regime.

In 2002, Shell Gas and Power announced a US\$500 million plan to develop an enormous Liquefied Natural Gas (LNG) facility along the pristine coastline of Baja California, Mexico. The project aims to build a receiving terminal and re-gasification facility, a port and pipelines (one of which will be 200 kilometres long) near the Bajamar tourist resort. Most of the gas produced will probably be exported to nearby power-hungry California.

Costa Azul is one of the last spots of wilderness on the Baja California coastline – an area renowned for its unique flora and fauna, as well as for the population of grey whales that swim from Alaska to calve in the warm waters of the Gulf of California. By choosing this site for an LNG plant, Shell risks not only obstructing the path of the whales, but also creates the danger of collisions between whales and ships.

Some 5,000 local people work in the thriving tourist industry up and down this coast. An LNG plant just a stone's throw away from the resorts threatens to wipe out their jobs, small businesses and livelihoods. Shell has not offered compensation for the potential loss in tourist revenue, and very few jobs will be created by the investment. The local people have proposed an economically viable alternative that moves the pipeline offshore and keeps the grey whale's migratory routes clear. Shell, however, remains determined to carry out its initial plan.



As with the MAI, the Commission has explicitly sought to engage industry in developing its investment proposals. Between 1999 and 2000, the European Commission conducted a comprehensive survey of 10,000 large EU businesses to ascertain their ambitions with regard to a WTO investment agreement. The Commission also championed the 'Investment Network', a corporate-heavy body that it clearly created to generate direct, executive-level support for its WTO investment campaign.

The International Chamber of Commerce (ICC) -- a heavyweight corporate proponent of the failed MAI which brings together companies including Shell, Unilever, BASF, Nestle, Norsk Hydro and BP, is one of the most powerful corporate backers of EU moves towards a WTO investment agreement. In the corporate world, the ICC has unparalleled access to all levels of government as well as a great deal of influence at the WTO. As Stefano Bertasi, former head of the ICC Working Group on Trade and Investment states, "We've always had, throughout the years, a very close working relationship with the WTO, because obviously they deal with issues which are central to business interests. The ICC has always been a vector for business influence into WTO work."

There is a steadily revolving door between the ICC and the WTO, which allows ideas and influence to be exchanged and cemented. Lars Anell, the current chair of the ICC's Trade and Investment Committee, was chair of the Council of the GATT (the predecessor to the WTO) between 1986 and 1992. Arthur Dunkel, a former head of the ICC's Trade and Investment Committee, was Director General of the GATT during the Uruguay Round.

Costa Azul beach.

investment treaty puts communities at risk

In 1998, an uprising by global civil society caused the OECD's proposed Multilateral Agreement on Investment (MAI) to be scuttled. This widely-celebrated victory for people and the environment may be temporary, however, as the current proposal for a WTO investment agreement is yet another attempt to develop a bill of rights for global corporations. Together with the WTO's services agreement (GATS) currently being negotiated, the proposed investment agreement would provide transnational corporations with greatly expanded rights to invest when and where they want.

European corporate lobby groups are working hand-in-hand with the European Commission to force investment onto the WTO's agenda. Echoing the corporate lobby groups, the Commission embellishes its arguments for a WTO investment agreement with a huge amount of 'pro-development' rhetoric. The vast majority of developing countries are however opposed to an investment agreement in the WTO. This is understandable: even the most basic agreement would greatly undermine the rights of communities to regulate the entry and performance of foreign investors.

The crux of an investment agreement will be increased access for investors to all countries and reduced government regulations to control these investors. It's not clear exactly what form the agreement will take, but all indications are that a full-scale investment agreement, as supported by corporations and their lobby groups, could endow investors with significant legal protection, incorporate mechanisms by which the investor can directly challenge state legislation and seek compensation, and require that investing companies receive the same treatment as domestic companies. The agreement will also likely lock liberalization in permanently and prevent performance requirements -- which aim to share some of the benefits and jobs created through investment with the local population -- for foreign investors.

For companies like Shell, an investment agreement like the one being discussed in the WTO would be liberating. For the communities in Costa Azul, Mexico, as well as in countless other places around the world, however, greater investment rights for corporates would likely be accompanied by countless social and environmental woes.

Demonstrators protest US efforts to sabotage negotiations on the Framework Convention on Tobacco Control in front of the US Department of Health and Human Services in February 2003.



toxic treaty

nafta's cautionary tales

Under the North American Free Trade Agreement (NAFTA) Chapter 11 investment rules, environmental and public interest standards have been successfully challenged for interfering with the business interests of multinational investors. Global tobacco and agribusiness giant Philip Morris is one of the corporations that has used the threat of a NAFTA Chapter 11 challenge to protect its commercial interests. Philip Morris has strong links to the powerful and fiercely pro-corporate investment lobby, and with its global reach, the company could also benefit significantly from a WTO investment agreement.

toxic tribunal: metaclad vs. mexico

In a dramatic example of how NAFTA undermines local communities, Mexico lost a Chapter 11 challenge and was forced to pay nearly US\$16 million to a US business, Metalclad, after the local community in San Luis Potosi refused to allow the operation of a hazardous waste landfill in their midst. The international tribunal that heard the case ruled that the establishment of an ecological zone in the area where the hazardous waste site was located amounted to an 'expropriation' of the company's investment in the site, and was therefore a violation of Chapter 11. This decision was reached even though the community had longstanding concerns about the facility's potential impacts on the surrounding environment.

toxic trade: pcbs free to travel

In another case, Canada lost a suit brought by a US company challenging Canada's ban on the export of highly toxic PCBs. The tribunal ruled that Canada violated the 'national treatment' rules of Chapter 11 – supposedly benign rules that bar discrimination against investors from other countries – although at the same time it acknowledged that Canada acted reasonably given its obligations under the Basel Convention on the cross-border movement of hazardous wastes. Under the Basel Convention, countries are obligated to restrict trade in hazardous wastes and promote treatment of the waste domestically, rather than in foreign countries. Yet the tribunal ruled that the PCB export ban was not permissible because Canada should have used alternative, apparently 'less trade restrictive,' approaches.

However, Philip Morris argued that the cigarette regulation amounted to an 'expropriation' of its investment in Canada because 'light' and 'mild' were terms used in the registered trademarks used by the company's brands. The company claimed that NAFTA's investment rules should prevent Canada from taking the actions it has contemplated to protect public health. While Philip Morris has not yet brought a Chapter 11 case against Canada, it certainly sought to force change in Canada's public policy process using the investment rules.

As a cigarette company with truly global reach and brands in 160 markets, Philip Morris would benefit significantly from an investment agreement at the WTO. With tobacco set to take 10 million lives a year by 2030, the leverage that a multilateral investment agreement which covers 148 countries could give a multinational corporation like Philip Morris is disturbing.

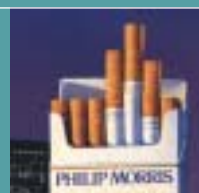
Philip Morris is a member of the United States Council of International Business (USCIB), the US chapter of the International Chamber of Commerce (ICC). The ICC is a key advocate of a WTO investment agreement. The USCIB is pushing for NAFTA-like investment protection in the Free Trade Area of the Americas including strong expropriation provisions and the ability of corporations to directly sue the states, which were used so effectively by Metalclad against Mexico.

regulatory chill, philip morris and nafta

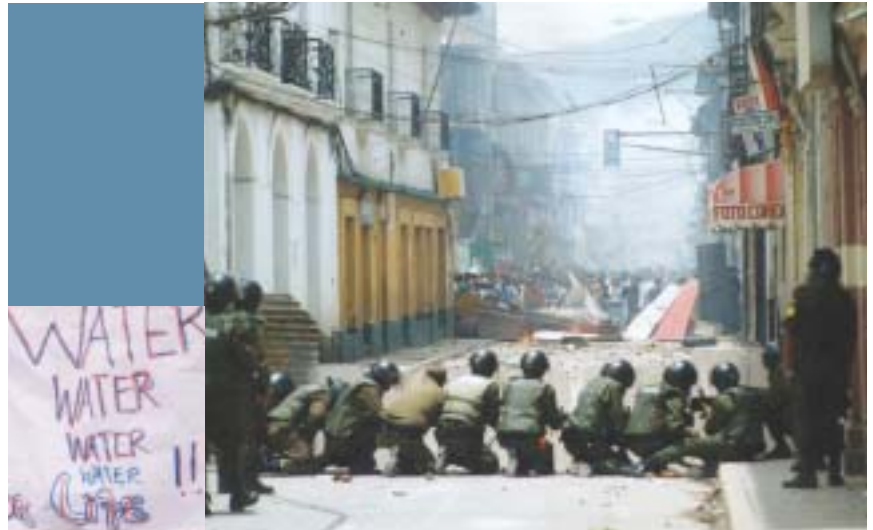
Against this backdrop of Chapter 11 challenges to the public interest, Philip Morris used NAFTA's investment rules to threaten Canada in a fight over cigarette packaging regulations. This case highlights the way in which free trade agreements with powerful dispute mechanisms, like NAFTA and the WTO, can have a 'chilling effect' on environmental and health regulations, as governments can be scared to even risk contravening trade rules.

In a formal submission, Philip Morris warned the Canadian government that a prohibition on the use of the terms 'light' and 'mild' amounted to a Chapter 11 violation – implicitly threatening a challenge before an international tribunal. Canada proposed the regulation in late 2001 in response to a consensus among public health experts that the mild and light descriptors are fundamentally misleading and are not less hazardous to smokers' health, in part because smokers compensate for reduced tar and nicotine by inhaling more deeply.

In Philip Morris' case, the benefits of increased access to markets around the world, which would be facilitated by a WTO investment agreement as well as by regional trade agreements like the FTAA, extend far beyond the realm of tobacco. Philip Morris' parent company, Altria, is actually just a new name for the cigarette conglomerate, a multifaceted business that includes Kraft Foods, one of the world's largest users of genetically modified ingredients. Is this what the world needs: more Marlboro cigarettes and potentially contaminated taco shells?



Water privatization protests in Cochabamba, Bolivia.



tidal wave in the wto

global water industry plans to submerge national interests

Water is big business. The giants that dominate the water industry – including the European companies Suez and Vivendi – are at the forefront of attempts to use the WTO's GATS agreement to promote further private sector involvement in water industries and to 'lock-in' previous privatizations. For the water sector this will mean increased markets and profits, but the results for local communities and the environment are less crystal clear.

gats and water

The WTO's General Agreement on Trade in Services (GATS) agreement is an important missing piece of the puzzle for Suez and other water giants, as it will put pressure on countries to open up significant portions of their water services to global water transnational corporations. Furthermore, GATS will likely make many of the current water privatization schemes effectively irreversible, regardless of any associated problems. Future governments will thus be restricted in their capacity to reintroduce water services aimed at meeting community needs.

Water corporations have a keen interest in locking governments into privatization deals, which do not prevent companies from jumping ship if profits decrease, but make it harder for governments to terminate agreements.

Nonetheless, in recent years, several governments have terminated privatized water contracts as the realities of higher prices and poor service have triggered widespread community protests. The most celebrated example took place in Cochabamba, Bolivia: following privatization, water rates increased by 150%, and the company, a subsidiary of Bechtel, threatened to cut off customers who could not afford to pay. The result was a public uprising with the government eventually cancelling the privatization contract in 2000. Similarly, in 2003, the City Council of Atlanta, Georgia in the United States terminated its 20-year contract with a Suez subsidiary "after widespread complaints about poor service and dirty water". In fact, dissatisfaction with privatization schemes is bubbling up all over the world in countries including Argentina, South Africa, Australia and the Philippines.

linking tentacles

Suez's extensive involvement in corporate lobby groups provides it with excellent access to key global decision makers. The company participates in all of the major trade lobbies, including the International Chamber of Commerce, the Transatlantic Business Dialogue, the World Business Council for Sustainable Development and the European Roundtable of Industrialists. It is also a member of the European Services Forum (ESF), a corporate lobby that focuses extensively on the GATS.

Corporate Europe Observatory has used official 'access to information requests' to study the privileged liaison structure that has sprouted up between the European Commission's 'GATS 2000' team and the ESF. In October 2001, the Commission's Directorate General of Trade solicited the ESF's advice on GATS requests: "We would very much welcome industry's input to this exercise, both in terms of finding out where the problems currently lie and in making specific requests. Without ESF input the exercise risks becoming a purely intellectual one." Later, a Commission trade official thanked water giants Thames, Suez and Vivendi for their contribution to reducing trade barriers with a view to opening markets for European companies.

The ESF's privileged relationship with the EU is no surprise given that the body was initiated by then EU Trade Commissioner Sir Leon Brittan. The strength of the relationship was highlighted in September 1999 by Robert Madelin, a high-level Commission trade official, when he told a UK business audience: "The European Commission is convinced of the need to work not only with the member states' experts but directly with European industry. We are going to rely heavily on the European Services Forum. [...] We are going to rely on it just as heavily as on member state direct advice in trying to formulate our objectives."

suez and global water lobbies

Suez is also centrally placed in the series of international think tanks, advisory commissions and forums that have dominated the water debate and established privatization as the dominant solution to the world's water problems. Suez is an influential member of the World Water Council, a leading water think tank and advisor to the World Bank and WTO. A former Suez CEO, Jérôme Monod, is a member of the World Commission for Water in the 21st Century, an elite, high-level public awareness and global policy forming body.



Comparing water quality in Uruguay.

private water in uruguay: a "dreadful" experience

A water concession in Maldonado, Uruguay operated by a Suez subsidiary, Aguas de la Costa, is an example of privatization gone bad. According to Maria Selva Ortiz from REDES/Friends of the Earth Uruguay:

"Aguas de la Costa's privatization resulted in a steep increase in tariffs. The rate charged by the public utility in most of Uruguay is a fixed rate of US\$3, but Suez charged \$70 just to open the tap. By pressuring the municipal government, Suez managed to make connection to their services mandatory for all of the inhabitants of the area."

Suez has also contributed to serious environmental damage in the area where it operates. According to Maria Selva Ortiz, "Water was historically taken from the Laguna Blanca to cover the needs of the local population, but shortly after Suez took over water and sewage services the lake dried up due to over-exploitation by the company."

When a local public school was unable to pay the high rates established by Suez, it was cut off from the water supply. When a local inhabitant supplied water to the school from his own tap, the company cut off his supply as well. According to Selva Ortiz: "This contrasts sharply with what we were told at a European business panel at the Third World Water Forum in Kyoto, where we saw a video with beautiful images about the companies' commitment to education and the world's children. These images are clearly PR, and companies like Suez are solely interested in reaping profits."

Turning a blind eye to these problems, the World Bank, the IMF and the Inter-American Development Bank are now pressing hard for the privatization experience to be shared throughout the country. However, the National Committee in Defense of Water and Life, in which REDES/FoE Uruguay is active, is proposing a Constitutional Reform that would ensure water remains accessible to all people through public ownership and management and would specify that water resources must be managed sustainably.

more information:

"The Water Barons", International Consortium of Investigative Journalists: www.icij.org/dtaweb/water

"WTO and Water: The EU's Crusade for Corporate Expansion", Corporate Europe Observatory Water Info Brief:

www.corporateeurope.org/water/infobrief3.htm



what is gats?

The current WTO negotiations on services, called the General Agreement on Trade in Services (GATS), are a complex series of talks on how to remove barriers to trade in services. Services have been described as anything you can't drop on your foot: distribution and transport, broadcasting and the arts, provision of water, energy and education and so on – the WTO lists more than 150 areas in all. GATS will reduce the ability of governments to decide who runs services and how, and will restrict their capacity to prioritize goals such as equity, affordability and environmental sustainability in the provision of services.

Demonstrations at EU Trade Ministerial in Palermo in July 2003 (left) and at a European Services Forum meeting in Brussels in March 2003.



The problems with GATS include:

more privilege with no responsibility for big business: GATS is fundamentally about opening up new markets – either in new countries or in new areas like water – for transnational corporations. As the European Commission website on GATS states, “The GATS is not just something that exists between governments. It is first and foremost an instrument for the benefit of business.”

vast and too fast: The GATS negotiations seek to cover too many areas in too short an amount of time. As a result they favor rich countries which have the capacity to deal with rapid and complex negotiations. The speed of the negotiations also prevents genuine public consultation and input.

binding and irreversible: GATS effectively ‘locks in’ all future governments to the agreement, regardless of changes in political outlook, technological advances, or newly available information. Governments have only one chance to stipulate which areas of the sector are not covered by the commitment, and once made, commitments are extremely difficult to reverse.

mirror of wto dysfunctionality: The GATS reflects the many problems of the WTO (including its basis on flawed economic theory) such as the systematic exclusion of many developing countries’ perspectives through exclusive and undemocratic negotiating processes; and the overwhelming structural power of the ‘quad’ countries (the US, the European Union, Japan and Canada).

Some of the specific impacts of the GATS could include loss of, or higher costs for, essential public services such as water supply and sewerage; higher public transportation charges; and increased social and environmental impacts as a result of increased mass tourism and less effective regulation of tourism.

Friends of the Earth and Corporate Europe Observatory believe the GATS negotiations could adversely affect community control over essential social services and restrict domestic environmental regulation. Instead of pushing ahead with the GATS negotiations, we believe there should be a moratorium on further liberalization and the initiation of a thorough, independent assessment of the social and environmental implications of GATS.

GATS 2000, the latest round of GATS negotiations, works through a series of negotiations in which countries request liberalization from other countries and in return offer liberalization in specified services sectors. After initial requests and offers, WTO members enter into bilateral negotiations to reach agreement over the level of liberalization. Parallel to this request/offer process, GATS also comprises negotiations on new rules that may ultimately cover all services sectors, regardless of whether a country has liberalized the sector under GATS. The deadline for the completion of negotiations is January 1st, 2005. However, negotiations are not going so well, with only about 18 percent of WTO countries having submitted their requests as of June 2003.

more information:

GATS Watch: www.gatswatch.org

FoE England, Wales and Northern Ireland: www.foe.co.uk
‘Winners and Losers’, FoEI, 2003: www.foei.org/cancun

Protests against energy privatization in Colombia.



leaving people in the dark

gats and energy privatization

The people of Bogota, Colombia are experiencing the adverse effects of a privatized energy system controlled by Spanish transnational corporation Endesa. The initial privatization occurred following the advice of the World Bank and the International Monetary Fund. Now the WTO's General Agreement on Trade and Services (GATS) is likely to complete the corporate windfall by allowing Endesa to expand its involvement and 'lock-in' this failed experiment in energy privatization.

When electricity was partially privatized in 1998, local regulations prevented Endesa from taking complete control of the newly privatized energy companies. However, thanks to various administrative devices Endesa has since then effectively taken over electricity generation, transmission, distribution, and commercialization in Bogota.

Following Endesa's energy 'coup' in Bogota, there have been remarkable cases of increased tariffs and numerous examples of business favouritism. Overall, the situation is generating serious social tensions, especially in underprivileged areas of the city.

In some cases, for example, household electricity prices have increased by 500 percent from the average price. There have also been arbitrary suspensions of electricity services to homes, public hospitals and community centers. Endesa's aggressive and exclusive policies in the poorer parts of the city contrast sharply with the benevolent image that the company presents in wealthier neighbourhoods, where it arranges financial plans for buying appliances and discounts. Energy workers have also been hard hit during the privatization process. Forty percent of the personnel, a total of 1750 people, left either voluntarily or through forced redundancies following privatization, and new vacancies were subcontracted out under very bad conditions of employment.

Whenever considering issues like this in the Columbian context, it needs to be remembered that the country has a history of human rights abuses against union and community activists. Since 1998, 27 electricity sector officials have been murdered, 7 have been forced out of their jobs and 230 have been threatened.

endesa's influence

Endesa is the third largest energy company in the world, and it plays a dominant role in Latin American electrical service provision in places including Buenos Aires, Lima, Sao Paulo and Chile. The company is part of a Spanish conglomerate with activities in the financial, gas, electricity and petroleum sectors. It has been influential in multilateral liberalization negotiations and has been involved in pushing for the privatization of energy and financial companies, particularly in Latin America. The company enjoys an influential position within the European energy lobby. Rafael Miranda Robredo, CEO of the Endesa Group, is Vice President of the European electricity lobby group, Eurelectric. Eurelectric is the only energy sector group in the influential pro-liberalization lobby, the European Services Forum. As Corporate Europe Observatory has detailed, the ESF has a highly privileged position in the European GATS negotiations.

The potential for GATS to lock-in and expand liberalization programmes which have been initiated by the World Bank and International Monetary Fund, like energy privatization in Bogota, is no doubt one of the reasons why the GATS is so forcefully promoted by the United States and the European Commission.

Colombia has yet to submit its offers for services liberalization under the GATS 2000 negotiations, but there is pressure for the country to serve up its entire domestic electricity market for liberalization. The European Commission, for instance, has asked Colombia for full market access in 'services incidental to energy distribution' and full commitments in the trading of energy products.

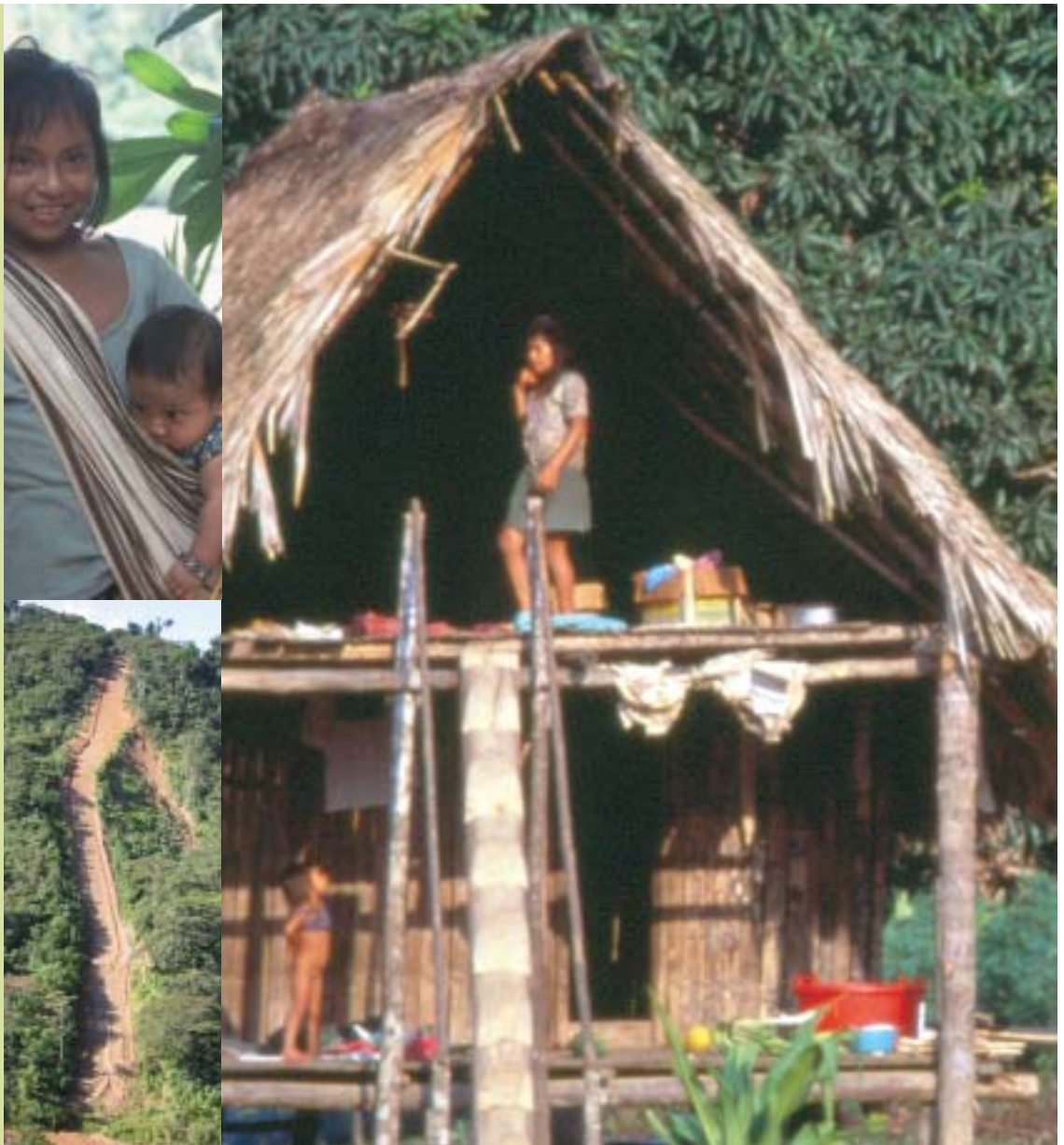
For members of the ESF and related companies like Endesa, GATS is likely to open up new areas for liberalization and ensure that their massive gains cannot be reversed regardless of the social or environmental implications. In contrast, GATS will take essential services further out of the reach of ordinary people like those living in Bogota.

more information:

CENSAT/Friends of the Earth Colombia: www.censat.org



A WTO-instigated tug-of-war in the United Kingdom, March 2003.



Machiguenga children from community of Timpia in Peru, one of the communities directly affected by the Camisea gas pipeline in which Halliburton is involved (top left); right of way for the pipeline (bottom left); traditional Machiguenga house in the Lower Urubamba River, Peru (centre).

pipeline profits

gats good news for global corporates like halliburton

US energy giant Halliburton stands to make impressive profits from services liberalization under the WTO's GATS agreement and the Free Trade Area of the Americas. Halliburton's influence on the GATS negotiations through its connections with the heavyweight services industry lobby group, the United States Coalition of Services Industries, is backed by its extremely close ties to the Bush administration.

With annual revenues of more than US\$13 billion in 2001 and 85,000 employees worldwide, Halliburton is a giant in the oil services industry. Its global operations – building and operating oil drilling operations, pipelines, refineries and export platforms – make it the world's second-largest oil services company. But Halliburton is more than just a major force in the fossil fuel industry. Its business practices have been highly controversial, and the company has been accused of environmental damage and business dealings with human rights abusers. And Halliburton has become the ultimate insider in US military contracting with its mega-deal to rebuild the oil sector in Iraq.

cosying up to the wto

Halliburton's knack of gaining influence is presumably not hurt by the fact that its former CEO, Dick Cheney, is now Vice President of the United States. From its position as a key energy sector representative on the US Trade Representative's (USTR) Industry Sector Advisory Committee on Services, Halliburton has also been one of the major business actors pressing for energy services liberalization under the WTO General Agreement on Trade in Services (GATS).

In 1999, US energy corporations founded the Energy Services Coalition (ESC) to promote GATS negotiations on energy. E. Joseph Hillings, a vice president of Enron, and Donald A. Deline, a director of Halliburton, jointly chaired the coalition. Halliburton is also a member of the powerful US services industry lobby, the US Coalition of Services Industries (USCSI).

The official USTR position on energy services virtually mimics the position advanced by industry through the US Coalition of Services Industries (USCSI) lobby group, including the proposal that an entirely new GATS category be created to cover the entire energy sector, ranging from drilling and pipelines to refining and electricity distribution. GATS negotiations in energy services could provide foreign multinationals like Halliburton with significantly expanded access to the oil industry in any countries that make such commitments in the negotiations.

The USCSI's boast that it "played a major role in shaping" the WTO GATS agreement is supported by WTO Director General Dr. Supachai Panitchpakdi, who stated that the USCSI, "with its extensive global network and influences in the world... has successfully served to advance and secure the interests of its members, more importantly, in shaping US policies and promoting US interests within the international fora, thereby ensuring progressive global market liberalization".

Halliburton has also been implicated in business dealings with corrupt and oppressive dictatorships. Most notably, in Burma during the 1990s, the company and its subsidiaries provided services to two controversial gas pipelines despite the fact that the Burmese military committed numerous human rights violations. Halliburton is also the subject of an investigation by the US Securities and Exchange Commission concerning its accounting practices in the late 1990s, during Cheney's tenure at the firm.

war profiteering

The company's close ties to the Bush administration and US military have also provoked controversy. The recent awarding of a US government contract worth as much as US\$ 7 billion to Halliburton subsidiary Kellogg Brown & Root (KBR) for operation of the oil fields in Iraq has come under intense scrutiny, particularly given the company's relationship with Vice President Cheney. Halliburton was given the contract without competitive bidding based on its ability to carry out an operational plan that the company wrote itself for the US military.

controversy over camisea

Recently, Halliburton's global activities have extended to participation in the Camisea project, a highly destructive gas extraction, pipeline and export scheme in ecologically sensitive areas in Peru which are home to indigenous peoples. The \$1.5 billion project will extract gas from the Nahua-Kugapakori Reserve, which is intended to protect nomadic indigenous peoples who have had little or no contact with the outside world. Halliburton has also been the lead company seeking to develop an export terminal for the gas in the buffer zone of Paracas, Peru, an area protected under the Ramsar Convention on Wetlands. The Secretariat of Ramsar recently wrote to the government of Peru and to several international financial institutions alerting them that siting the export terminal in Paracas is a violation of the Convention. Yet Halliburton is not easily swayed from its plans, and the company continues to pursue its project in these pristine areas which many people call home.

Cranes digging vast quantities of construction materials from the Urubamba river bank along the right of way for the Camisea gas pipeline in Peru, August 2002.



a dirty history

Providing a business like Halliburton with increased rights to operate multinationally raises many questions given the company's environmental and social record. Halliburton has admitted that one of its foreign subsidiaries paid \$2.4 million to a Nigerian government official's company in 2002 in order to get favorable tax treatment. Now, a French judicial investigation is examining allegations that Halliburton participated in a massive bribery operation involving the development of a gas field in Nigeria in the late 1990s.

more information:

War Profiteers website: www.warprofiteers.com/

"Enron-Style Corporate Crime and Privatization: A Look at the U.S.

Coalition of Service Industries", www.polarisinstitute.org

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