Photo: Rally, Wellington, New Zealand, November 2014 / Neil Ballantyne

trade and investment issues

Friends of the Earth International positions on key trade and investment issues

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Friends of the Earth International

Trade and investment issues

Introduction

Friends of Earth International's vision is for a peaceful and sustainable world based on societies living in harmony with nature. For over a two decade Friends of the Earth International and our member groups have opposed 'corporate' trade and investment regimes that put profits before people and the planet. This is because so-called 'free' trade agreements transfer enormous powers to multinational corporations, and undermine peoples fundamental rights to work, food and a clean environment. These detrimental trade deals limit our ability to tackle climate change and social inequalities by locking in dirty industries and driving a race to the bottom. They hinder our efforts to protect the worlds forests and commons by promoting the unregulated exploitation of natural resources. Corporate trade deals also undermine Food Sovereignty and security by enabling land grabbing, prohibiting policies that support local food systems and challenging safety, regulatory measures and non-tariff barriers to trade.

FOEI position on new generation trade treaties

Friends of the Earth International believes that 'new generation' so called free trade treaties (TTIP, CETA, TPP, TiSA and the complex web of BITs and FTAs) pose a significant threat to our vision of sustainable societies and should be stopped. These treaties transfer enormous powers to multinational corporations and can not in practise be reformed. FOEI calls on the national and regional governments directly affected by these treaties to halt negotiations and/or ratification processes immediately.

Background

Since the early 2000s we have seen an explosion in the number of Bilateral Investment Treaties (BITs) and bilateral Free Trade Agreements (FTAs), which seek to strengthen/solidify/enshrine big business extraordinary and unprecedented power over our society. There are currently four massive new regional trade agreements driven by the US, EU and big business, which are being negotiated behind closed doors that will affect the lives of over 1.5 billion people. They are: the Transatlantic Trade and Investment Partnership (TTIP), the Trans Pacific Partnership (TPP), the Trade in Services Agreement (TISA) and the Comprehensive Economic and Trade Agreement (CETA).

The most common feature between all these agreements is that they have very little to do with actual trade, and rather aim at reshaping and limiting the ability of national and local governments to regulate as they see fit under the guise of promoting international trade. Essential rights that protect citizens and the environment – such as food labeling[1] or regulations on toxic chemicals - are considered as 'trade barriers'. Therefore those treaties act as "trojan horses", empowering corporations and industry lobby groups to influence legislation through special rights and provisions, at the expense of the public interest. This is not only a threat for existing rights and hard-won protection standards, but it also threatens the

footnote

1 Friel et al. Globalization and Health 2013, 9:46

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ability of democratically-elected legislators to regulate in the public interest in the future.

Current corporate-trade negotiations are so far-reaching that they would influence all aspects of our daily lives: from rules to ensure we eat safe food to the ability to regulate toxic chemicals and or dirty energies. Many of these agreements undermine democratic processes and seek to both expand and lock in privatization, deregulation and other neo-liberal economic policies among the countries subject to them and globally. The underpinning principles National Treatment, Most Favored Nation, Fair and Equitable Treatment, very broad definitions of investment and expropriation hinder the states ability to regulate in the public interest.

FoEI position on Investor-State Dispute Settlement

Friends of the Earth International believes that the investor-state dispute settlement mechanism is fundamentally flawed and unjust, it poses a significant threat to our vision of sustainable societies. FoEI advocates for dismantling the mechanism/system in its entirety. Investor-state arbitration is in direct opposition to our values and FOEI does not believe that it can be reformed.

Background

A key element of modern trade and investments agreements is the inclusion of the 'investor-state dispute settlement' (ISDS) mechanism. ISDS enables corporations to sue governments in private and often secret tribunals if they deem their profits or investment potentials are affected by new laws or changes in policy. The companies can seek compensation which may mount to billions. ISDS represents a one-way system that endows corporations with privileges that no one else has in society and it allows them to undermine democratic processes without imposing any human rights or environmental protection obligations on them. The system also undermines national judicial system as it establishes a private legal forum for corporations, run by corporate lawyers with a financial interest in keeping the system alive, entirely for the benefit of corporations. Globally, 608 investor-state disputes were known of at the end of 2014.[2]

Some notable ISDS cases include the Canadian government being sued for CAN $250m after the province of Québec introduced a moratorium on fracking; Argentina being ordered to pay $405m to French company Suez for canceling its contract and taking back water provision into public hands; Mexico being awarded a $16million fine for prohibiting a toxic wast dump.[3] ISDS faces substantial and ongoing criticism from many national governments, political parties, legal experts and civil society groups, with a growing debate about reforming the investment arbitration system.

footnotes

2 UNCTAD, IIA Issues Note N°1, April 2014, Recent developments in ISDS
3 In the Buenos Aires Herald 2015, see http://www.buenosairesherald.com/article/186328/argentina-ordered-to-pay-us$405m-for-breach-of-water-contract

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FOEI position on sustainable trade regimes

Friends of the Earth International support a trade and investment regime that helps us to develop sustainable societies, by supporting local economies and sustainable jobs, a clean environment, better social protection, and more responsible energy and food sovereignty. Some key components of alternative trade regimes are:

- *supports direct fair trade networks between producers and consumers that prioritise local and regional systems;*
- *enforces strong binding social and environmental regulations;*
- *enables governments to control exports, imports and investment flows to create sustainable societies;*
- *allows countries, regions and communities to regulate the production, distribution and consumption of goods and services;*
- *supports equitable South-South trade partnerships which contribute to people-centred regional integration.*

FOEI position on trade agreements and transparency

Friends of the Earth International is deeply concerned that many trade deals are negotiated in secret and give preferencial access and treatment to big business. FOEI advocates that all trade negotiations the draft versions of individual chapters as well as the whole agreement should be made available to the public at all stages of the negotiation and widespread consultation with various community stakeholders should be formalized as a requirement of such a process. Demands for greater transparency are situated within the broader context of FOEI's position against New Generation trade and investment agreements.

FOEI position on WTO Agriculture reform

Friends of the Earth International believes that the WTO plays a key role in the current unjust corporate driven trade agenda, and calls for a permanent solution to food sovereignty by taking agricultural out of the WTO. On the current issue (2015) of WTO Agriculture reform, FOEI supports new rules that enable developing countries to operate public stockholding programs for food security purposes and allowing developing countries to protect their markets against import surges through a workable Special Safeguard Mechanism.

Background

In 1999, Friends of the Earth International signed on to the position 'No New Round – Turn Around the WTO' and ' WTO- Shrink or Sink' with 1500 other civil society organisations and movements. Although negotiations in the World Trade Organisation have largely stalled it continues to play a key role within the global trading system, particularly in preventing critical agricultural policy changes at the national and international level. WTO agricultural rules highlight the profound injustice within the global trading system. In which developing counties are penalized and prohibited from undertaking public stockholding programs that provide food security for the worlds poorest and livelihoods to small scale farmers, yet the EU and USA are allowed to provide massive export distorting subsidies. In 2015, India, the G33 and Africa groupings are advocating for a permanent solution to food security by reforming the WTO rules to allow domestic subsidies to producers in developing countries and LDCs for public food stockholding programs, to be given without limit.[4]

footnote

4 Deborah James, World says YES to food security in South, WTO says NO, CEPR 2015

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