

## *Summary*

# **Trading away the last ancient forests**

The threats to forests from trade liberalisation under the WTO

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# 1 Executive Summary

## 1.1 Findings

The rules of the World Trade Organization (WTO) currently interfere with efforts to conserve and sustainably use the world's forests. The lack of certainty on the relationship between WTO rules and multilateral environmental agreements (MEAs) threaten to undermine the full effectiveness of MEA rules aimed at forests. Similarly, WTO rules "chill" the full implementation of forest conservation provisions and the development of trade measures in MEAs. WTO rules do not allow countries to apply economic pressure to rogue countries that are massively destroying their forests. At the same time, WTO rules prevent countries from using export bans to promote sustainable development, may not allow the application of independent voluntary forest certification, and may interfere with the full application of the precautionary principle. WTO rules may prevent appropriate protection of traditional forest-related knowledge and effective efforts to combat illegal trade in forest products.

Despite the commitment to sustainable development and environmental protection in the Preamble of the Agreement Establishing the WTO, the WTO does not contain rules that ensure that trade policy supports the conservation and sustainable use of forests.

The WTO and MEAs, such as the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and the UN Framework Convention on Climate Change (UNFCCC) have an important role to play in creating a coherent global system whereby trade and sustainable forest management become mutually supportive. As trade is an important aspect of forest use, sustainable use of forests depends to a large extent on the sustainability of trade in forest products. Therefore, a balanced relationship between the WTO and MEAs needs to be created. However, at present, WTO rules continue to threaten the effectiveness of these key multilateral environmental agreements.

WTO rules also do not support positive efforts to guide trading patterns in support of sustainable development. It does not allow for trade preferences for products from sustainably managed forests, except potentially in the context of Generalized Tariff Preferences for developing countries. But this has not yet been effectively implemented by developed countries. The use of certification and labeling of products from sustainably managed forests remains under

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threat in the WTO. WTO rules no longer permit subsidies for adjusting to new environmental regulations. Developing countries and civil society stakeholders are effectively shut out of much of the decision-making in the WTO. The politicized culture in the WTO has become such that the lack of consideration for developing country concerns has effectively blocked progress on the environmental agenda.

A number of proposed WTO measures are likely to impact adversely on the conservation and sustainable use of forests. These include tariff liberalisation of forest products, reduction of non-tariff measures that affect forests, agriculture liberalisation, investment liberalisation and services liberalisation. All of these look likely to be undertaken without due regard for ensuring that policies aimed at conserving forests are not undermined. The negotiating dynamics of the new WTO work programme, which came out of the Doha Ministerial, risk having environmental concerns traded away against important economic interests.

### **1.2 Main recommendations**

In order to enhance the conservation and sustainable use of the world's forests, in particular ancient forests, Greenpeace calls on the WTO Members to:

- Ensure that Multilateral Environmental Agreements, in particular the CBD, and other legitimate trade-related measures aimed at enhancing forest conservation and sustainable use are not undermined by WTO rules.
- Ensure that international trade regulations are compatible with conservation and sustainable use of forest biological diversity and promote related economic instruments.
- Ensure that independent forest certification initiatives, such as the Forest Stewardship Council, are not threatened by WTO rules.
- Ensure that measures to control international trade and the import of illegally harvested timber and other forest products are not threatened, but supported, by WTO rules.
- Not undertake further trade liberalisation without a full assessment of their environmental and social impacts on forests
- Ensure that WTO rules do not interfere with the full protection of traditional forest-related knowledge and are not used to provide cover for biopiracy.

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- Ensure that national efforts to conserve and sustainably use forests are not undermined by liberalisation of the services and investment sectors.

The WTO can only do part of the work necessary to ensure that trade supports conservation and sustainable use of forests. International bodies that specialize in matters relating to forests must become more proactive in addressing the trade-related issues of their mandates. Specifically, Greenpeace calls for:

- The CBD to develop an action-oriented work programme on forest biodiversity in April 2002 that considers measures to deal with: (a) trade as a threat to forest biodiversity, (b) subsidies that lead to deforestation, and (c) trade-related incentives to enhance conservation and sustainable use of forest biodiversity. The CBD process could usefully contribute to developing methodologies to assess the negative and positive impacts of trade on forest biodiversity. All agreements of WTO should not contradict the CBD goals on forests.
- The Clean Development Mechanism (CDM) under the UNFCCC should be implemented such that "land use, land use change and forestry (LUCF)" activities do not degrade, convert or otherwise result in the loss of forests, in particular ancient forests, or other highly natural ecosystems. These rules should ensure that the sustainable development priorities of the host country to directly promote biodiversity conservation and sustainable use of natural resources for local needs are fully supported - including those relating to forests - even at the cost of not rewarding the very highest returns to foreign investors. Large-scale industrial tree plantations and the use of genetically engineered trees should be excluded as eligible projects under the CDM.

In order to improve global governance on environmental conservation and sustainable development, Greenpeace calls for:

- The World Summit on Sustainable Development to create a process to develop recommendations on overcoming contradictions, and enhancing synergies, between the WTO and MEAs.
- All countries to explore the possibility of resolving trade and environment disputes in international fora that can better balance between trade and environment interests than the WTO.