








The Real Dirt: How Trade Agreements Impact the Environment

Trade Agreement/Organization	Case Study	
<p>World Trade Organization (WTO)</p>  <p>The WTO is a multilateral trade agreement, containing more than 20 different agreements. It also has a system for settling trade disputes between member countries.¹</p>	<p>In 1991, the US banned Mexican tuna because of Mexico's failure to meet US dolphin-safe tuna laws. In retaliation, Mexico filed a case against the US at the WTO, which ruled that the US was not allowed to restrict imports based on how the tuna was caught, regardless of US laws requiring dolphin-safe harvest practices.² Thus, the US was forced to resume importing non dolphin-safe tuna.</p>	<p>In 1995, the US established cleaner standards for gasoline under the Clean Air Act. Domestic companies had to meet standards based on their individual 1990 baselines, but many foreign companies did not have records for 1990, so importers of foreign oil had to meet an average baseline. Venezuela accused the US of discrimination under WTO rules.³ The WTO ruled in favor of Venezuela, and the EPA changed the gasoline regulations to allow dirtier gasoline to enter our markets.⁴</p>
 <p>North American Free Trade Agreement (NAFTA)</p> <p>NAFTA is a Free Trade Agreement between Canada, the US, and Mexico.</p>	<p>NAFTA's Chapter 11 allows corporations to file suit for cash-compensation against countries when they feel that their profits have been undermined by a government action.⁵ In 1997, the US-based Metalclad Corporation wanted to expand a Mexican hazardous waste transfer station into a much larger processing plant and landfill. Concerned about water contamination and pollution, the local community protested and the municipal Mexican government denied Metalclad the permit. Metalclad sued Mexico for \$90 million in damages, and was awarded \$15.6 million by a NAFTA trade tribunal.⁶</p>	
<p>US-Singapore Free Trade Agreement</p> 	<p>Singapore is a hub for Asian timber export. Much of the timber that passes through its ports has been harvested illegally.⁷ The Free Trade Agreement did nothing to address this issue directly, instead the response was to sign a weak Memorandum of Intent (MoI) to cooperate on environmental issues. Three years later, an "action plan" was finally published with general provisions which were supposed to be implemented "sometime" that year. Since the FTA was implemented in 2004, shipments via Singapore of illegal timber from Indonesia have increased by 62%.⁸</p>	
 <p>The Chilling Effect</p> <p>The mere threat of a trade suit may prevent a government from implementing measures for public safety and environmental protection.</p>	<p>In 1998, Canada banned the import of MMT, a gasoline additive that contains a known neurotoxin, manganese, and interferes with pollution controls in vehicles. The US company Ethyl Corp., maker of MMT, sued Canada for \$250 million under NAFTA's investment rules. Assuming it would lose the case, Canada reversed the ban, made a public health announcement declaring it safe and agreed to pay Ethyl \$13 million.⁹</p>	

Future Threats to the Environment

<p>Central America Free Trade Agreement (CAFTA)</p>  <p>Regional trade agreement among the US, El Salvador, Honduras, Guatemala, Nicaragua, the Dominican Republic, and Costa Rica.</p>	<p>Since CAFTA only came into effect in 2005, it is too new to know exactly what the impacts are. Concerns include corporate lawsuits attacking environmental and public health measures in the CAFTA countries; an increase in illegal logging and export; increased deforestation as a result of the flooding of US subsidized crops on to Central America's markets forcing subsistence farmers onto forest areas¹⁰; and intellectual property rights provisions that allow for the patenting of plants by pharmaceutical and agricultural companies, ultimately preventing indigenous peoples from using their traditional knowledge and allowing exploitation of the rainforest by corporations.¹¹</p>
 <p>Trade Promotion Authority or Fast Track</p>	<p>Negotiating trade agreements was historically in the hands of Congress. Since the early 70s, Congress has from time to time agreed to transfer this power to the Executive Branch. President Bush currently has the ability to negotiate and sign free trade agreements without including Congress in any meaningful way. Once an agreement has been negotiated (and even signed) by the President, Congress can only vote yes or no to the FTA - they can not amend it, and they have a limited time to debate. This has resulted in bad trade deals being pushed through Congress without the environment and labor provisions that the American public and Congress support. Fast Track is expiring in June of 2007. Congress needs to get back in the driver's seat when it comes to any trade negotiating authority, and say no to any future Fast Tracks.¹²</p>
<p>Proposed FTAs with Peru / Colombia / Panama / South Korea</p> 	<p>The Bush Administration has proposed several FTAs which are based on the same flawed model as NAFTA, and do not include adequate provisions to protect the environment. The US-Peru FTA is of particular environmental concern because of Peru's incredible biodiversity and the importance of the rainforest to combat global warming. The FTA however, does nothing to help combat Peru's rampant illegal logging issues, even though the overwhelming majority of the illegal wood comes to the US.¹³</p>

¹ *Understanding the WTO* (pg 9-10), WTO, http://www.wto.org/english/thewto_e/whatis_e/tif_e/utw_chap1_e.pdf

² *Understanding the WTO* (pg 69), WTO, http://www.wto.org/english/thewto_e/whatis_e/tif_e/utw_chap4_e.pdf

³ *United States – Standards for Reformulated and Conventional Gasoline: Report of the Panel* (3.17), WTO, http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds2_e.htm

⁴ *United States – Standards for Reformulated and Conventional Gasoline: Status Report Addendum 7*, WTO, http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds2_e.htm

⁵ *NAFTA Investor-State Arbitrations*, U.S. Department of State, <http://www.state.gov/s/l/c3439.htm>

⁶ *NAFTA Chapter 11 Investor-to-State Cases: Bankrupting Democracy* (pg 10), Public Citizen, <http://www.citizen.org/documents/ACF186.PDF>

⁷ *The Thousand-Headed Snake: Forest Crimes, Corruption and Injustice in Indonesia* (pg 22), Environmental Investigation Agency, <http://www.eia-international.org/files/reports135-1.pdf>

⁸ *America's Free Trade for Illegal Timber* (pg 1), Environmental Investigation Agency, <http://www.eia-international.org/files/reports118-1.pdf>

⁹ *NAFTA's Threat to Sovereignty and Democracy* (pg 21), Public Citizen, <http://www.citizen.org/documents/Chapter%2011%20Report%20Final.pdf>

¹⁰ *DR-CAFTA in Year One*, Stop CAFTA Coalition, http://www.cispes.org/cafta/CAFTA_Monitoring.pdf

¹¹ *The Tyranny of Free Trade* (pg 11), Friends of the Earth, <http://www.foei.org/publications/pdfs/tyranny.pdf>

¹² *Fast Track*, Public Citizen, <http://www.citizen.org/trade/fasttrack/>

¹³ *US Trade Agreements with the World*, Food & Water Watch, <http://www.foodandwaterwatch.org/fish/fish-and-global-trade-1/faq/trade-agreements.pdf>