The EC's push for a WTO-Investment agreement

The European Commission just won't give up on its dream of a global investment regime granting corporations far-reaching new rights to enter and operate on their own terms in countries around the world. When the corporate-biased Multilateral Investment Agreement (MAI) failed in the late 1990s, corporations and the Commission focused their attention on the World Trade Organization (WTO) to churn out a similar agreement. At the 2001 WTO ministerial meeting in Doha, the Commission almost succeeded in using power politics to override developing country opposition to negotiations. In the end, the Commission had to be satisfied with a two-year deferment to the Cancun ministerial. Cancun is now here, and the Commission remains determined with plans to force the 'explicit consensus' required from all 146 WTO members to launch negotiations on global investment, as well as three other controversial issues collectively known as the 'Singapore Issues'.[1]

The Commission claims its new proposal is 'basic' and 'flexible', certainly less ambitious than the failed MAI. Even so, civil society groups oppose the new model as it will step by step erode flexibility and lock in neoliberal, deregulatory investment policies that mainly benefit transnational corporations. Even a 'basic and flexible' WTO investment agreement will prevent communities and governments from regulating foreign investment in the interest of their people, especially in the developing world. Indeed, a majority of the WTO's developing country membership explicitly opposes negotiating a WTO investment agreement as well as the other Singapore issues.[2] Few are fooled. It is widely believed that once the Commission strong-arms MAI-lite through the WTO, it won't stop until its original global investment regime dream is realised. This gradual approach was actually part of its original strategy.[3] Further, its current negotiating strategy is to launch negotiations without the WTO membership first agreeing what the final plan should roughly look like, more evidence that the Commission has grand plans to resurrect an unpalatable agreement.[4]

The Commission dresses up its proposals in cynical 'development-friendly' rhetoric. After the fall of the MAI, Commission actions show it actually has little interest in development that benefits ordinary people, and great interest in securing market openings for the EU's multinational corporations. For example, during and after MAI, the Commission started to covertly court European corporations and lobby groups to help it shape proposals for a WTO global investment agreement.[5] It also conducted extensive surveys of European corporate opinion. Today, support for a tough WTO investment plan is pouring in from all over the European corporate world, as well as a number of other powerful national, transatlantic, and global lobby groups.

There is little doubt that within the EU the Commission is the most determined advocate of WTO-Investment negotiations, not the EU member states. This development of an autonomous and contrary agenda raises disturbing questions about the democratic accountability of the Commission. If EU member states don't quickly shorten the Commission's leash at Cancun, they may find themselves having to explain why they allowed it to drive through an agreement with profoundly negative social, environmental, and developmental consequences.

This case study is almost entirely based on the CEO / Investmentwatch briefing, *Corporate Conquistadors in Cancun*, July 2003.

Notes:

1 The four 'Singapore Issues' are investment, competition, transparency in government procurement and trade facilitation. The term "Singapore Issues" arose because the first attempt to launch WTO negotiations on these agreements was made at the WTO's Singapore ministerial conference in 1996.

2 In *Singapore Issues in the WTO: What do Developing Countries Say?* (CAFOD, July 2003) the key finding is: "Since the beginning of June 2003, 77 developing countries (including over half of the WTO's developing country members) have said they do not want negotiations on the Singapore Issues to be agreed in Cancun."

3 In 1995, the European Commission circulated a paper in both Geneva and Brussels titled, "A level playing field for direct investment worldwide". The paper proposed the creation of a radically corporate-friendly agreement, far beyond the 'basic' model currently proposed by the Commission, both within the OECD and the WTO. The paper includes the comment, "A successful multilateral negotiation on the matter seems now a realistic proposition. Indeed, it is more likely to yield the desired ultimate result through the WTO, than through the alternative route which consists in a regional OECD agreement others have to sign up to over time." (Emphasis added)

4 While the longer-term evolution of WTO-Investment into something supremely corporate-friendly would seem inevitable, regardless of the initial negotiating mandate given, a loose, open-ended negotiating mandate from Cancun could lead to this far more quickly than expected, especially given historical precedents in the WTO and reassurances from the United States that it will intervene, should negotiations begin, to ensure WTO-Investment meets its very neoliberal expectations.

5 "EC Decides its Priorities with the Investment Correspondent Network", Olivier Hoedeman, April 1999.

For links to the referred documents, see: <http://www.wtocancun.com/wtoinv.html>

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