

Vision for Fair and Just Trade : Policy Platform

Washington Fair Trade Coalition

July 2018

Globalization has the potential to provide everyone access to a higher standard of living, to new and better technology, to skills and knowledge and opportunities. How can we make this vision a reality?

We hear it often: Washington State is one of the most trade-dependent states in the nation, and thus we must “support trade” at any cost. Trade is not the same as trade policy, however. Globalization and trade work with sets of rules. We support trade *and* demand better rules that create shared prosperity, not just maximum possible trade.

Fair trade policy must be based on rules that are fair and transparent, and seek to enhance prosperity, stability, freedom, and the quality of life. Societies that respect basic human rights should not be forced to sacrifice their cultures, values, and social systems in order to trade with those with more economic power.

Current trade policies have prioritized maximum profits and minimum regulation. Transnational companies with little concern or loyalty to the communities where they operate now dominate the globalized economy. These giant companies push for rules that benefit the rich and powerful. Workers and communities are left behind facing staggering inequality, environmental degradation, and denial of basic human rights.

We must do better. It is time to put people and the planet at the center of our trade policies.

This policy platform lays out a unified, progressive vision for good trade policy.

Trade Policy: A History of Unequal Power

Trade has been an important part of human history for thousands of years, from local barter and exchange to trade that spanned continents. Five centuries ago, North American trade changed drastically when European nations colonized vast areas of the continent, trading slaves, extracting resources, and stacking all the rules in their favor.

After WWII, colonized countries won political independence. They pursued development policies to fight poverty and build back up their economies. Their advances were short-lived. By the 1970s, developed countries established global corporate-centric institutions such as the IMF, World Bank, and the WTO to manage globalization. These institutions opened weaker economies to multinational companies, dictated how to run those economies, and prioritized paying debts over social services.

This neoliberal Washington Consensus promised prosperity if countries would guarantee the free movement of capital, privatization, and free trade.

NAFTA, enacted in 1994, set the model that has been used for trade deals for the last 20 years.

The model worked well for those with the most wealth and influence. Large multinational corporations expanded their supply chains across the globe. Under the banners of “efficiency,” “choice,” and “competition,” global companies re-wrote the rules for globalization to help them to consolidate on unprecedented scales, monopolize markets, raid publicly held resources and services for short term profits, and pit workers and countries against each other globally in a race to the bottom.

“Long term gains for the many must always outweigh short term gains for the few.”

- Steve Garey, retired Steelworker, WA BlueGreen Alliance

Drafting a people's vision for fair and just trade policy:

Unlike the corporate-dominated process by which the U.S. drafts trade priorities, the Washington Fair Trade Coalition felt it was important to hear directly from the people in Washington State most affected by our trade policies. We convened a broad base of our membership to discuss our shared values and each group's specific concerns. The working groups included workers and local union leadership; environmentalists; human rights activists; public health advocates; equity and racial justice organizations; farmworker, sustainable farm, and food access groups; immigrant rights groups, and international solidarity organizations. We focused on local groups in order to maximize in-person conversation, and also consulted with international allies throughout the process.

At each gathering, we asked ourselves:

- Who should get the gains from trade?
- Whose interests are taken seriously?
- How do we balance power to create trade policy that works for everyone?
- How do we encourage local self-determination *and* global cooperation?
- How do we support development in communities and countries with less wealth, power, or otherwise starting at a disadvantage?

The recommendations that follow came out of this process.

Making fair trade a reality:

The current model of trade policy focuses on maximized profit and free movement of production. This is not our measure of success. Good trade policy can and should increase prosperity, stability, freedom, and the quality of life.

In order to do this, we established four types of recommendations:

- Requirements trade policy should make of countries or corporations
- Ways trade policy can encourage or support efforts to improve conditions
- Protected issues that should be kept out of trade policy and left to local decision-making
- Ways to incorporate flexibility for already disadvantaged countries and communities

In order to make fair and just trade a reality, we need a very different process for setting priorities and writing the rules in the U.S. and around the world. If civil society has a voice and real influence in the process, we will see rules that put people and the planet first.

Instead, our current process pushes aside voices from civil society, and distorts power relationships. Workers and communities have lost trust in this approach to globalization. This mistrust is really a crisis of legitimacy for government leaders in the US and elsewhere. This approach is exhausted.

We intend this set of recommendations to be a blueprint for those ongoing conversations, organizing, and advocacy.

Transparent and Democratic Globalization:

“Trade negotiations should create the domestic space needed to protect social programs and regulations, renew domestic social contracts, and pursue locally tailored growth policies. Such a reorientation would benefit rich and poor nations alike.” –Dani Rodrik, Economist, Harvard University

Trade agreements set the rules for the global economy. In an increasingly globalizing world, good trade policy is part of a delicate balancing act, supporting local decision-making and innovation while fostering global cooperation.

It matters who writes those rules. For trade policies to work for all of us, we must have a negotiation process that includes all of our voices, balances our different interests, and allows us to adapt to changing conditions. Alone, no one group or sector has the entire solution to challenges that face us on a local and global level, from growing income inequality to climate change. Trade policy could be a tool in supporting those solutions – but only if it reflects the interests of the people it will affect.

Trade policies now: Corporations write the rules

When giant multinational corporations like Chevron, Walmart, Monsanto, Cargill, and Citibank set negotiating objectives with little public oversight, we get rules that benefit global corporations.

This is exactly what has been happening since NAFTA. Trade policies have been negotiated with increasing levels of secrecy, making it impossible for stakeholders and trade justice advocates in each country to review draft proposals or influence what is being proposed in their names. While each country has its own process for developing negotiating objectives, most countries cater to powerful multinational corporations, desperate to attract business and jobs. Corporate negotiators typically pit country against country in a race to the bottom for standards.

The corporate-friendly rules set in current trade negotiations are designed to be permanent. These deals—made behind closed doors—have eliminated vital regulations and programs, locking governments into policies such as privatization or maintaining energy exports, while limiting the ways communities and governments can respond to future problems.

Whose negotiating priorities?

In the United States, about 600 “trade advisors” are closely involved during the negotiation process. They are granted cleared security status, review draft proposals, and meet with U.S. negotiators. 80% of those advisors represent multinational commerce and trade organizations.

Meanwhile, negotiating positions and texts have been closely guarded even from our Representatives, who were prohibited from sharing what little information was available to Congress about the negotiations.

Good trade policy prioritizes the public interest:

The public has a say in setting priorities

- Before negotiations begin, all countries involved conduct a rigorous and democratic consultation process to set negotiating priorities. This should occur at the local, regional, and national levels and involve a wide range of stakeholders beyond business interests, such as labor, environmental, and human rights organizations, and communities most affected by trade

Negotiations are open, transparent, and inclusive

- After each negotiating round, the current text is made public for review and comment. If broad-based concerns arise, negotiators must address these in subsequent rounds
- A significant proportion of trade negotiation advisors should represent civil society

Countries must meet their commitments *before* the trade deal goes into effect

- Countries must meet their base labor and environmental commitments *before* getting preferred status to markets
- All participating countries agree to help each other make progress on these commitments. Funding for oversight and enforcement is built into the agreement

Hold governments and corporations accountable to local communities

- Establish a strong “general exception” that allows governments to act in the public interest without being challenged under provisions in trade agreements
- Remove deceptively named standards such as “most favored nation status” and “least trade restrictive possible” that prioritize multinational corporations over public interests
- Remove special protections for corporations (such as Investor-State Dispute Settlement) and require they use national courts
- Create an independent arbitration and enforcement body to carry out ongoing investigation and settle complaints regarding labor and environmental protections, and ensure that potentially affected communities, public interest groups, and governments can bring complaints directly
- Do not use trade policy to promote privatization of public services such as health, education, transportation, energy, and telecommunications, nor include provisions that prevent the return of those services to public control

Trade policies should be subject to periodic review

- Require that countries come back together periodically to review the impacts of the trade policy on public interest, including a rigorous and democratic evaluation in each country
- If countries do not agree to reauthorize or renegotiate the policy, it will phase out automatically

Food Sovereignty/Safe, Healthy, Accessible Food:

“Food is our most intimate connection to each other, to our cultures, and to the earth, and to transform our food system is to take one giant step towards healing our bodies, our economy, and our environment.”
-HEAL (Health, Environment, Agriculture, Labor) Alliance platform for real food

Food is vital to all beings on the planet. Communities have the right to define their own food systems –how people produce and access food, where foods come from, what they know about them, which foods are important, and what makes food safe— without intervention or pressure from trade policies. However, once food crosses borders, local protection may be required.

Trade policy needs to support efforts to build a fairer food system, in which all people can access the foods they need and are culturally important. Food must be produced and distributed fairly. The people who grow, harvest, transport, process, and sell food deserve safe work conditions and economic stability. Sustainable and bio-diverse food production has to be prioritized, to limit agriculture’s contribution to climate change and to ensure our ability to produce food long-term.

Trade Policies Now: Food Monopolies, Pollution, Hunger, and Unsafe Food

Trade agreements such as the WTO and NAFTA have favored multinational agribusiness corporations at the expense of small farmers, agricultural workers, consumers, and the environment.

Trade agreements have made it easier for corporate farms to shift production to low-cost and low-regulation sites. Agribusiness constructed supply chains across countries from seed to supermarket, concentrating market and political power and hogging the benefits of trade.

Through NAFTA, subsidized U.S. agribusiness sold corn to Mexico at below-market prices, driving two million small farmers off land, into poverty, or across the border. In the U.S., over 200,000 small farmers have left agriculture since NAFTA, while corporate concentration has rapidly increased.

Transnational corporations rely on industrial agricultural methods that contribute mightily to toxic chemical contamination, land and water degradation, and climate change. Existing trade agreements do not allow the policy space communities need to address these serious problems, or to support local farmers, workers, or families. They do the opposite by allowing powerful multinationals to challenge any policies that harm their profitability.

Trade agreements have also been used to undermine food safety, by “harmonizing” (to the lowest standard) inspection regimes. Trade rulings have challenged our right to know what is in our food or where it comes from, striking down country-of-origin and dolphin-safe tuna labeling.

Indian Food Security Program

In 2013 India attempted to implement a food subsidy program that mirrored the one the United States used after the Great Depression. The Indian government subsidized both small farmers and the cost of food in order to boost the country’s ability to feed its 830 million people. The United States challenged this subsidy program at the WTO as “trade-distorting support” even though India’s food subsidy program was only for domestic use. As Olivier De Schutter, the UN Special Rapporteur on the Right to Food puts it, “Trade rules must be shaped around the food security policies that developing countries need, rather than policies having to tiptoe around WTO rules.”

Good trade policy supports food sovereignty:

Consumers can trust they have safe and healthy food

- Ensure food quality criteria and standards can be defined and enforced at a local level, including protecting culturally important foods
- Protect the rights of local governments to regulate or tax certain foods, such as highly processed foods or sugary drinks, with the aim of protecting public health

People decide what information about their food is publicly available

- Protect the right of local governments to require labeling of health impacts, contents, use of biotechnology, location of production, environmental and labor conditions, etc.
- Promote mechanisms of supply-chain accountability and traceability, especially for seafood and meat products

Workers, producers, and agricultural families have dignity and economic security

- Require that all workers in the food chain be paid a living wage
- Include enforceable labor standards and effective enforcement mechanisms
- Require that national labor laws apply to all workers regardless of whether they are migrants, temporary workers, or non-citizens
- Protect the right of workers to organize and collectively bargain
- Require that guest worker programs, such as the U.S. H-2A visa for agricultural workers, meet the highest local standard for wages and working conditions, and that workers have protected rights to organize and to sue employers

Responsible producers are protected in the global economy

- Allow measures to discourage poor environmental or work conditions and to reflect the true cost of production, including setting tariffs on products made with lower standards
- Level the playing field for small and medium-scale producers by creating measures that limit monopolies and prevent dumping of products at below-market prices

Communities can build and protect local food systems

- Protect local and national buy local preferences
- Uphold the rights for property and resources to be held communally, as well as local efforts for redistribution and land reform
- Allow local governments to restrict the sale of agricultural lands to outside corporations
- Remove provisions from trade deals that limit farmers' ability to share and save seeds
- Allow stability measures such as farm supports, food reserves, and price fixing for staples

Sustainable Future and Stable Climate:

“Restoring our planet’s health will require a lasting redistribution of power and resources. Recognizing our common heritage of food, water, and energy should be at the heart of a new framework for global resources management.” - Gopal Dayaneni & Mateo Nube, Movement Generation

Trade policy must support the need for a secure and safe world, now and into the future. This means encouraging ecological balance and diversity, creating protections from natural disasters, and making sure that environmental protection cannot be held hostage to investor interests.

It also means promoting business models that put the long-term gains for the many over the short term benefits for the few. Natural resources need to be stewarded for the common good, not privatized and unsustainably exploited. Communities that have been exploited in the past must be supported in development and mitigation efforts. Trade policies must recognize the tremendous threat climate change poses and support international and local efforts to plan and implement a just transition to a sustainable, low-carbon, resource-balanced society that promotes people’s rights, honors their work, and protects the well-being and integrity of all life on the planet.

Trade Policies Now: Holding Environmental Protections Hostage to Global Profits

Current trade policy puts maximized trade and short-term profits above the welfare of people and the planet.

Trade agreements have many detailed chapters protecting corporate rights to invest and not be “burdened” by regulation, even creating an arbitration body where corporations can challenge regulations and demand unlimited compensation. When (after intense public pressure) environmental protections are included in trade policies, enforcement is weak or nonexistent.

These corporate rights enshrined in trade agreements have encouraged powerful companies to cut costs, degrade the environment, pollute, and strip resources unsustainably. Society is forced to foot the bill for increased health problems and natural disasters. When local governments try to enforce or raise environmental standards, corporate polluters outsource factories to where they can negotiate lower standards. They then import these cheap goods made on the backs of workers and the environment, at an unfair advantage over companies that follow the rules.

In fact, most of the policies that will be required to address the climate crisis –for example, creating green jobs and buy local initiatives, restricting fossil fuel infrastructure and exports, and ramping up a set of global environmental standards—have been repeatedly struck down by trade agreements as illegal trade barriers.

Solar Power

In hopes of meeting its commitments to the Paris Climate Agreement, India implemented a solar energy plan that included buy-local polices encouraging local solar manufacturing. Even though 8 US states have buy local policies around renewable energy, the US challenged India’s local solar policy in the WTO. In response, India sued the United States over similar local preference policies. If countries are to successfully transition to clean energy, the rules used to manage globalization must encourage clean energy jobs and strong climate policies rather than hinder countries’ abilities to transition to a clean energy economy.

Good trade policy promotes a sustainable future:

Support the right to a healthy, sustainable, and safe environment

- Protect the rights of communities and governments to communally hold, regulate, and protect basic needs like water, air, food, shelter, and land
- Create an independent arbitration body where communities can bring complaints against companies that violate the right to a healthy, sustainable, and safe environment
- Eliminate trade rules that lock in fossil fuel exports, such as NAFTA's Proportionality Clause and rules that lock in weak fossil fuel emission standards
- Allow government agencies to review whether fossil fuel exports are in the public interest

Make polluters and extractive industries pay their fair share

- Set higher tariffs for products produced with poor environmental and work conditions
- Eliminate subsidies and special protections for polluters and extractive industries and encourage investments in impacted communities
- Require corporations extracting or accessing communal water resources be subject to international clean water standards and prohibited from overuse
- Require countries adhere to international "burden sharing" agreements where high emission countries help fund climate mitigation in lower emission countries

Give preference to ethical, sustainable production

- Encourage supply chain transparency and tracking of environmental impacts of products
- Allow governments to give preference to products produced with higher environmental and social standards, including carbon footprint
- Set limitations on patents in order to keep green technology affordable

Support and prioritize local economies

- Protect the ability of governments to require companies to invest, source, and hire locally
- Allow countries to use tariffs or other measures to encourage new green industries
- Allow countries to set policies encouraging local processing and discouraging export of raw materials and fossil fuels
- Require multinational corporations to meaningfully include impacted communities in development plans

Create a fair playing field by setting basic environmental standards

- Require each participating country to ratify important international environmental and labor agreements, including treaties protecting Indigenous rights and the Paris climate agreement, and to implement and maintain policies ensuring compliance

Healthy Communities

"Recent trade agreements increase the need for public policy intervention to counteract rising health inequalities but at the same time reduce the capacity of national governments to invest in intervention.", Tim Huijts and Courtney McNamara

Trade agreements must support healthy communities and environments, improving the possibilities for people to reach their full potential and have a high quality of life--affordable quality food, clean water, health care, housing, education, work, and many other elements. Fostering healthy communities will require important changes in trade agreements. Access to life saving medicines and programs addressing global public health needs must be prioritized. Since poverty and inequality are major drivers of poor health, provisions of trade agreements also need to support social policy tools that benefit society as a whole.

Trade Policies Now: Profits Above Health

Instead of supporting the global and local strategies necessary to promote health and well-being, the WTO and subsequent trade policies have repeatedly been used to challenge public health policies.

Since the 1994 WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), pharmaceutical companies have pushed for stronger monopoly protections in trade deals. Access to generic drugs is critical to make life-saving medicines affordable; in the case of AIDS, the production of generic medicines in India brought prices for a year's treatment down from \$10,000 (in 2000) to around \$100 in just one decade, making possible the treatment of massive numbers of people living with HIV. Despite this, big pharmaceutical companies have lobbied for provisions that would allow them to extend patents by making minor modifications to old medicine or limiting access to data from clinical trials.

"Right" to advertise vs Public Health

Tobacco is the leading cause of preventable death worldwide. Yet, when Australia and Uruguay passed laws restricting tobacco advertising on cigarette packages, Phillip Morris sued for millions of dollars, claiming that the laws comprised "barriers to trade."

Faced with intense public pressure, trade tribunals rejected some of the tobacco companies' claims on technical grounds. Other countries such as Thailand and have not been so fortunate. The possibility of this type of lawsuit and the massive expenses involved in countering it has a chilling effect on smaller countries without the resources to fight back.

Corporate interests have extended far beyond medicines. Multinational corporations producing tobacco, alcohol, highly processed food, breast milk substitutes and other potentially health-damaging products have used trade agreements to challenge public health programs that are designed to control their use. Using corporate arbitration panels, these companies have demanded—and in some cases won—compensation for lost profits, effectively discouraging new regulations.

Public services such as healthcare have been subjected to massive privatization and deregulation measures, using the unsubstantiated claim that opening up the market to competition is good for patients. Instead of improving access and lowering prices for healthcare, these private health corporations have often focused on cutting costs and serving the patients who were most profitable, at the expense of the poor and most vulnerable of a country's population.

Good Trade Policy Builds Strong Healthy Communities:

Ensure the ability of countries to pass laws protecting and promoting the public health

- Protect the right of local governments to label, regulate, and/or completely ban activities and products that negatively impact public health, such as pesticides, herbicides, food additives or animal hormones
- Protect the ability of governments to levy taxes on global businesses operating in their area for public health investments

Regulate products and services that damage public health

- Require that all companies meet minimum international and national standards for marketing and sales of potentially harmful products
- Allow nations and local communities to set higher or precautionary standards of their choosing on products and services that can damage public health, including big tobacco, alcohol, highly processed foods, infant formula
- Create an independent arbitration and enforcement body where communities can bring complaints against companies that violate public health standards

Keep life-saving medicines affordable and accessible

- Promote generic competition to lower medicine prices; for example, by raising standards for patent extensions and ensuring clinical data can be used to approve similar drugs
- Protect the right of public health programs like Medicare to negotiate prescription prices
- Protect the rights of countries, agreed to in the Doha side agreement, to produce or import life saving medicines even if under patent protection, to lower the costs of essential medicines and encourage local and regional production
- Reduce the market exclusivity period for newer medicines in order to reduce delays in producing generic drugs, or allow this to be determined in international health forums
- Create a globally funded network to promote essential medical research and development that addresses public health needs, including addressing international pandemics related to increased global trade, and keep publicly funded research in the public domain

Promote equitable access to healthcare

- Do not use trade policy to promote privatization of public services, including health services, nor include provisions that prevent the return of that service to public control
- Provide a risk assessment, conducted by health professionals, on the possible impacts of any new trade agreement on public health prior to finalizing a trade agreement

Workers, Economic Development, and Broadly Shared Prosperity

“Goods produced under conditions which do not meet a rudimentary standard of decency should be regarded as contraband and not allowed to pollute the channels of international commerce.”

- Franklin Delano Roosevelt, U.S. President 1933-1945

A trade policy that works for everyone – here in Washington State, in the U.S., and around the world— must improve economic and social stability for all.

All work has dignity, and workers deserve a share of the wealth they create. In a globalized economy, trade policies must set minimum work standards and protections on a global level, and also encourage a race to the top for worker safety and well being. This includes building transparency and accountability along entire supply chains, and protecting and supporting the right of workers to organize and build power so that they earn a fair wage, are safe, healthy, and economically secure. This also means maintaining a strong public sector and safety net, and regulating financial speculation and other practices that destabilize the economy.

Companies must also be accountable to, and invest in, the communities where they operate; this means paying their taxes and living wages, contributing to local infrastructure, using ethical suppliers, and, if production shifts or changes, working with local communities to support a transition. Any equitable trade policy must also acknowledge the longstanding institutional racism, sexism, colonialism, and unfair treatment of immigrants that has impacted the opportunities available to different communities, and should support efforts to remediate and eliminate those historic and ongoing wrongs.

Trade Policies Now: Pitting workers against each other in the race to the bottom

NAFTA established a new corporate-centric framework for globalization, allowing companies to pit workers against each other by moving production to low-wage regions and shipping the products back to sell in high-wage regions. Entire industries moved – home appliances, textiles, clothing, steel, electronics, call centers, automobile production– consolidating on unprecedented levels.

These global giants accumulated political power, often forcing out smaller businesses which were trying to pay their workforce a living wage. As good paying work disappeared and wages stagnated, entire communities were devastated and millions of workers forced to migrate in search of economic opportunity.

When challenged by workers or communities to improve conditions and invest locally, global companies claimed this would make them less competitive in the global economy and threatened to move. Often, governments cut social services to cover concessions to large businesses. Attempts to mandate local job creation, build transparency in supply chains, or regulate financial flows, have all been challenged as barriers to trade.

Smithfield

After NAFTA, US corporate hog farms like Smithfield moved production to Mexico. Cheap pork imports flooded Mexico’s market, putting hog farmers out of business. Between 1994 and 1997, rural poverty in Mexico increased rather than diminished. To make ends meet, many of these farmers came undocumented to work in a slaughterhouse in North Carolina run by the same company that put them out of work in Mexico. Free trade agreements like NAFTA create optimum conditions for corporations while they put workers out of business and force migration.

Good trade policy puts workers and their communities first:

Set minimum working standards on a global level

- Require that, *before* getting preferred market access, countries ratify and implement the International Labor Organization's eight core labor conventions on the right to organize and collectively bargain, eliminating forced labor, child labor, fair pay, and discrimination
- Prohibit trade in products produced by child labor, forced labor, and slave labor

Empower working people to raise standards

- Protect rights of workers to organize, form independent unions, and bargain collectively, including cross-border bargaining when employers operate in multiple countries
- Create an independent arbitration body that is accessible to workers and can sanction countries and companies that violate labor and environmental standards

Hold corporations accountable

- Ensure that global companies pay their fair share of taxes by adding rules to combat international tax avoidance and by harmonizing money laundering laws
- Support supply chain accountability and transparency, including initiatives like Country of Origin Labeling
- Include anti-trust measures to respond to unfair market practices and global monopolies

Promote economic stability on the individual, community, national, and global levels

- Require regions to set a living minimum wage
- Require investors to financially support a transition fund for communities when relocating to lower condition countries
- Set baseline regulations for the financial sector and allow countries to set additional regulations to keep financial data secure and to limit international speculation
- Establish meaningful controls to address currency misalignment
- Enforce controls to limit the market distortions from state-owned enterprises

Protect and encourage the ability of local governments to invest in the local economy

- Allow local governments to set buy-local and hire-local preferences for public projects and programs
- Strengthen Rules of Origin to encourage manufacturers to source most of their parts locally or in countries that are bound by the trade agreement
- Allow governments to require companies operating in their area to invest locally, including mandating local ownership, local sourcing, and technology transfers
- Allow public policies, including public investments and tariffs, to protect nascent, strategic, and culturally important industries