

# ウルグアイラウンドと消費者

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中 村 洋 子

Yoko Nakamura

## The Uruguay Round of GATT and Consumers

The Uruguay Round of GATT was a tool with which transnational corporations, especially U.S.transnationals, tried to increase their business opportunities. Some of the agreements reached at the Round would hurt consumer interests. However, consumer organizations failed to unite in their fight against transnationals. As a result, the Consumers Union of Japan (CUJ) has decided to leave the International Organization of Consumers Unions (IOCU), an umbrella organization of consumer groups the world over. IOCU supported the Uruguay Round trade agreement as it believed the agreement would benefit consumers by bringing them lower price and greater choice, while CUJ opposed the agreement arguing that it would lower safety standards and undermine food security.

ガットのウルグアイラウンドは、多国籍企業、特にアメリカの多国籍企業がビジネスチャンスを増やすための道具であった。ラウンドで合意された協定の中には消費者利益に反するものもあったが、消費者団体は結束して運動を展開することができなかった。その結果、日本消費者連盟は、国際消費者機構からの脱退を決意するに至った。前者が、安全基準の緩和や食糧自給への脅威になるとしてラウンド合意に反対したのに対し、後者は、価格低下と選択幅の拡大をもたらすとして合意を支持したからである。

# THE URUGUAY ROUND OF GATT AND CONSUMERS

NAKAMURA, YOKO

## Preface

The Uruguay Round negotiations of the General Agreement on Tariffs and Trade (GATT) were wound up in December, 1993 and the signing ceremony took place in Marrakesh, Morocco in April, 1994.

Consumer organizations are divided over the latest GATT trade agreement. In this article, we focus on the differences of position taken between the Secretariat of the International Organization of Consumers Unions (IOCU)<sup>(1)</sup> and the Consumers Union of Japan (CUJ).

IOCU is an independent non-profit making foundation which links the work of consumer organizations in more than seventy countries, and CUJ had been a council member of IOCU until September, 1994 when IOCU's World Congress was held and the new council members were elected. In fact, CUJ decided not to contest the election in order to protest against the IOCU Secretariat's position on the Uruguay Round.

## Chapter 1 CUJ's opposition to the Uruguay Round

At the general assembly of IOCU's 1991 World Congress CUJ successfully had a resolution<sup>(2)</sup> adopted which criticized the international harmonization of standards on safety, health and the environment, as well as the liberalization of agricultural products which were being negotiated in the Uruguay Round.

Meanwhile in Japan, CUJ promoted the bill on domestic food security<sup>(3)</sup> to oppose agricultural liberalization. The CUJ Special Committee on Food and Agriculture drew up a citizens' draft for the law.

In 1994, following the conclusion of the Uruguay Round trade agreement, IOCU's 14th World Congress was held in France. There again, CUJ expressed its opposition to the trade agreement. CUJ prepared and distributed copies of the appeal<sup>(4)</sup> to the congress participants. CUJ was the only participant who expressed opposition to the Uruguay Round trade agreement.

According to these documents, CUJ opposed the Uruguay Round trade agreement

mainly for the following five reasons.

(1) The international harmonization of safety standards would end up being downward harmonization because the Codex Alimentarius Commission, a United Nations agency which will be responsible for setting internationally harmonized standards, is greatly influenced by food industries. Therefore, GATT members must have the right to set safety standards higher than those agreed upon at the international level.

(2) There is good reason to believe that the world would face food shortage in the future. As a result of an unsustainable mode of agricultural production employed from 1950 to 1984, the environmental degradation on the global scale has been conspicuous since the beginning of the 1990s, affecting adversely world food production. At the same time the world population has grown steadily, which is believed to reach ten billion in the year 2050. The surest way to escape from the fear of starvation is for each country to make efforts to produce sufficient food for its own people.

Besides, locally produced food can be the safest. Moreover, agricultural liberalization would lead to more control of our food supply by agri-businesses because the liberalization would accelerate the international concentration of capital. The gigantic food companies pursue only economic efficiency, and neglect health, safety, environmental conservation and welfare of workers. The liberalization would also end up with the loss of diversity in production, consumption and culture due to the decline of family-scale farming.

(3) The Trade-related Intellectual Properties (TRIPs) agreement would worsen the North-South divide by causing a great flow of royalties from the South to the North. The agreement is unfair because, for example, many of the animals and plants used for modifications by industrialized countries' biotechnology industries come from the South.

(4) The WTO, successor to GATT, would erode the national sovereignty of signatory nations because paragraph 4, Article 16 of the WTO agreement stipulates that 'each member shall ensure the conformity of its domestic laws, regulations, administrative procedures with its obligations as provided in the annexed agreements'. CUJ is afraid

that the WTO would erode not only the national sovereignty but the autonomy of municipalities and even the independence of non-governmental organizations (NGOs).

(5) As already mentioned above, the Uruguay Round agreement serves the interests of transnational corporations at the expense of those of consumers, farmers and developing countries.

CUJ's view on food security and self-sufficiency is shared with US and European NGOs and farmers who try to protect family-scale farming and oppose the large scale corporate farming by transnational corporations. The farmers of developing countries also support the idea of self-sufficiency. <sup>(6)</sup>

CUJ's view on safety standards is shared with US NGOs such as Ralph Nader's <sup>(6)</sup> group and the Pesticide Action Network North America <sup>(7)</sup>, and also with the European NGOs <sup>(8)</sup> who support the idea of food security.

The TRIPs agreement was strongly criticized by Ralph Nader <sup>(9)</sup> and the Third World Network <sup>(10)</sup> based in Malaysia, too.

As regards transnational corporations, Nader <sup>(11)</sup> is one of the most powerful critics of transnational corporations' attempt to use the Uruguay Round to expand their influence, and he shares CUJ's view on the issue.

## Chapter 2 The IOCU Secretariat's position on the Uruguay Round

After the 1991 World Congress, in spite of the resolution to oppose the Uruguay Round, the IOCU Secretariat expressed its support to the GATT round on several occasions.

On 6 November, 1991, the IOCU Secretariat supported the text of the Uruguay Round's Draft Final Act in a press release. On 26 October, 1993, the IOCU Director General met with GATT's Director-General, Peter Sutherland, to request a conclusion to the latest GATT round. There was no prior consultation with IOCU affiliates about this action, and the action was severely protested against by CUJ.

After the trade agreement was concluded, the IOCU Secretariat published some papers to express its evaluation of the agreement. In this chapter, we analyze these papers and some other IOCU statements to find out how the IOCU Secretariat's position

on the Uruguay Round differs from that of CUJ.

## THE IOCU SECRETARIAT'S POSITION ON MAIN ISSUES

### 1 ) Agricultural liberalization

The IOCU Secretariat takes the position that liberalization benefits consumers because it results in lower prices and greater choice <sup>(12)</sup> (enough choice is necessary to provide a healthy diet) <sup>(13)</sup>. It also helps the economy of developing countries because in many developing countries the agricultural sector is a valuable means of generating export revenues. <sup>(14)</sup>

As regards security of supply, the IOCU Secretariat denies the possibility of absolute food shortage by arguing that except in times of acute warfare, the wealthy do not go hungry. The issue is not so much whether enough food is available as whether consumers can afford it. <sup>(15)</sup>

The IOCU Secretariat criticizes the idea of self-sufficiency of food. It argues that the pursuit of self-sufficiency has involved the raising of prices, thus reducing access to food for the disadvantaged <sup>(16)</sup>. Besides, the IOCU Secretariat argues that supplies could be made more secure by reducing the very high self sufficiency levels <sup>(17)</sup>. Though a crisis of supply is unlikely, it "could be caused by the weather, pollution or a war." Then "the availability of a strong world market, good relations with other suppliers and a tradition of importing would be invaluable." <sup>(18)</sup>

However, in order to alleviate the impact of the GATT deal in this area, the IOCU Secretariat recommends :

- (1) the provision, where necessary, of social and environmental aid, decoupled from price and production support, to farmers in the West <sup>(19)</sup>
- (2) the provision of special assistance to net food importing developing countries that will have to pay higher prices <sup>(20)</sup>

### 2 ) International harmonization of health and safety standards

According to the IOCU Secretariat, internationally accepted standards are necessary to guarantee food safety for all consumers in the age of freer world trade <sup>(21)</sup>. They also facilitate trade because "covert use of national standards as protectionist barriers to trade and competition" <sup>(22)</sup> has hampered trade, and "developing country exports in

particular are endangered by non-transparent and frequently changing national standards varying from country to country.”<sup>(23)</sup>

At the same time, however, being aware of some criticism, the IOCU Secretariat also stated, “Consumer organizations fear that the draft agreement will undermine many higher standards and will encourage international bodies to set minimal safety standards for food and agricultural products.”<sup>(24)</sup> Therefore, the IOCU Secretariat made the following recommendations on the matter.

(1) maintain the freedom for participants to pursue “risk averse” strategies and bring in higher standards than those prevailing elsewhere. However, such standards must be justifiable, transparent and non-discriminatory. The reasons for their adoption must be clearly spelt out and they must be applied equally to domestically produced products and imports.

(2) provide much more support for developing countries to raise food safety standards for their own consumers and to facilitate their exports to countries with justifiably strict safety requirements. They should receive the necessary technical assistance from developed countries, as agreed by the Uruguay Round high level meeting of the Trade Negotiating Committee in April, 1989.

(3) the Sanitary and Phytosanitary (SPS) agreement should explicitly set the goal of high standards and large safety margins for protecting consumers, plants, animals and the environment.<sup>(25)</sup>

However, as to “scientific evidence” required to justify higher domestic standards, the IOCU Secretariat recognized its difficulty by saying, “Safety can never be absolute. Scientific evidence is often incomplete or uncertain and there will often be differences of opinion about what level of risk is acceptable.”<sup>(26)</sup>

After the conclusion of the agreement, IOCU Director General expressed optimism on the matter in his letter to CUJ<sup>(27)</sup> by stating “The latest version on the Sanitary and Phytosanitary agreement does allow countries to introduce or maintain standards higher than the relevant international standards. Therefore, IOCU believes if the agreement is closely monitored to ensure that standards are not relaxed, we should be able to meet consumer concerns on this matter.”

Thus, the IOCU Secretariat calls on consumer organizations to increase their

involvement in the setting and monitoring of standards both at the national and international levels. <sup>(28)</sup>

However, in a more recent document the IOCU Secretariat expressed a less optimistic prospect.

“The agreement allows countries to maintain higher standards. —In Theory, this opt-out allows a country to adopt standards independently of the international standards-setting bodies. In practice, few countries will have the scientific establishment or the resolve to deal with constant challenges to their standards from other countries. —By default, international standards will tend to be used by all countries.” <sup>(29)</sup>

This statement shows that the IOCU Secretariat recognizes that in practice, domestic standards higher than the international standards are very difficult to adopt.

### 3 ) Democratization of the WTO

The IOCU Secretariat demands that:

- (1) the WTO should examine as a matter of urgency the adoption of the UN system of consultative status for NGOs. <sup>(30)</sup>
- (2) Codex must be reformed to ensure full involvement of consumers in decision-making. <sup>(31)</sup>

Thus, the IOCU Secretariat proposes the participation of consumer representatives in the work of the international bodies, while CUJ and Ralph Nader promote decentralized regulation making.

### 4 ) The erosion of the economic sovereignty of developing countries

The IOCU Secretariat recognizes that the agreements on the New Areas, namely, the agreement on trade-related investment measures (TRIMs), the agreement on intellectual property rights (TRIPs) and the General Agreement on Trade in Services (GATS), would undermine the economic independence of developing countries.

As regards TRIMs, the IOCU Secretariat believes that “limits on, or inducements for, transnational investment cannot be separated from the regulation of competition and transnational corporations’ behavior,” <sup>(32)</sup> so “until there are international rules to control anti-competitive practices on the part of multi-nationals, IOCU sees no justification for a TRIMs agreement.” <sup>(33)</sup> Thus, the IOCU Secretariat declared that

“the TRIMs agreement represents a victory for transnational corporations”<sup>(34)</sup> because “the developed world succeeded in prohibiting a list of TRIMs most commonly used by developing countries and exempting TRIMs most commonly used by developed countries.”<sup>(35)</sup>

As regards the TRIPS agreement, the IOCU Secretariat declared it is “about protection for TNCs (transnational corporations)”<sup>(36)</sup>, and it should “never have got on the agenda of the Uruguay Round.”<sup>(37)</sup> In response to the concerns raised by developing countries over the TRIPs agreement, the IOCU Secretariat recommended the new WTO:

- (1) to assess whether the right of farmers to re-use seeds will be affected by the way the Uruguay Round agreement providing for intellectual protection of plant varieties is implemented in developing countries<sup>(38)</sup>
- (2) to insert provisions into the agreement to compensate developing countries for the development of products based on plants located in their territory<sup>(39)</sup>
- (3) to ensure that the agreement does not have a negative impact on the availability and price of medicines<sup>(40)</sup>

As regards the Service Sector, the IOCU Secretariat criticizes the agreement by stating “For free and fair competition in services developing countries need time to develop strong service sectors of their own. The services agreement gives them little chance to do this.”<sup>(41)</sup>

The IOCU Secretariat criticizes the tariff escalation system, too. It is the system of tariff escalation by which tariffs go up in proportion to the degree of processing. The IOCU Secretariat criticizes that the system hampered industrialization in developing countries. However, the problem was hardly addressed by the Uruguay Round. So the IOCU Secretariat recommends that the WTO should carry out a review of the impact of tariff escalation in areas of importance relative to developing countries.<sup>(42)</sup>

##### 5) The implication of the trade agreement for transnational corporations

The IOCU Secretariat recognizes to some extent what the trade agreement means for transnational corporations.

The IOCU Secretariat declared:

- 1) the big gainers from the signing of the Uruguay Round are transnational corporations



- 2) the TRIMs agreement can not be justified until there are international rules to control anti-competitive practices on the part of multinationals
- 3) the TRIPs agreement is about protection for transnational corporations and it should never have got on the agenda of the Uruguay Round
- 4) Codex which will be responsible for setting harmonized international standards must be reformed to ensure full involvement of consumers in decision-making

Here again, in spite of many concerns the IOCU Secretariat decided to support the trade agreement. One of IOCU's declared roles has been to protect consumers from transnational corporations' abuses<sup>(43)</sup>. Now the IOCU Secretariat should show its member organizations how it can fulfill the responsibility and at the same time support the GATT trade agreement.

#### WHY THE IOCU SECRETARIAT SUPPORTS THE GATT AGREEMENT

The IOCU Secretariat declared, "the big gainers from the signing of the Uruguay Round are transnational corporations. For consumers there are gains and losses."<sup>(44)</sup>

In spite of the "losses", some of which were already discussed in the previous section, why did the IOCU Secretariat decide to support the conclusion of the Round?

First of all, the IOCU Secretariat's basic position on GATT is that without a set of agreed trading rules, the largest traders would continue to coerce other countries into complying with their demands."<sup>(45)</sup> Therefore, "the outcome of the Uruguay Round will be judged as positive if it restrains powerful trading nations from unilaterally pursuing their trade interests."<sup>(46)</sup> The IOCU Secretariat concludes that the proposed GATT agreement is far from perfect and that there is still much work to be done, but that the deal now on the table promises a big improvement on the present situation and is incomparably better than the certain chaos which would follow a breakdown of the negotiations.<sup>(47)</sup>

Now, what are the gains for consumers that the IOCU Secretariat mentioned? They are:<sup>(48)</sup>

- 1) lower prices and greater choice. The IOCU Secretariat even stated<sup>(49)</sup> that the actual effect of the success of the Round is likely to be higher, for world income, than has been estimated by the various studies made such as the joint World Bank/OECD study.

2) The new WTO will help defend the interests of the majority against the designs of powerful traders, especially the United States though it leaves ample room for the strongest member countries to influence its direction.

3) Improvements in the procedure for settling disputes are an important step forward, particularly for weaker countries though less developed countries may not be able to avail themselves of the protection afforded by the new dispute procedures because they may lack the technical or financial means to bring cases to the WTO court.

4) the limitations on the use of unilateral measures

5) A ministerial decision passed alongside the signing of the Uruguay Round reiterates the principle giving preferential treatment to the least developed countries.

6) A decision attached to the Uruguay Round calls for increased food aid and better access to multilateral funds for net food-importers. However, there is no assurance that this additional aid will be given or that it will be added to existing assistance.

7) Following lobbying by IOCU among others, the agreement on measures to protect the health of humans, plants and animals from imports now allows countries to introduce or maintain standards higher than the international norm if they are scientifically justified.

8) the various review processes, which allow room for the correction of existing agreements or the extension of trading rules to new areas

The IOCU Secretariat expects lower prices from freer trade as a big gain for consumers. CUJ, on the other hand, worries that agricultural liberalization would lead to more control of our food supply by agri-businesses (see Chapter 1).

Ralph Nader also criticizes the IOCU Secretariat's argument by saying that powerful importers with lower costs frequently raise their profits rather than lower the prices paid by consumers. <sup>(50)</sup>

As to other gains, the IOCU Secretariat itself is concerned over the uncertain effect of some of them.

One thing which should be noted is that the IOCU Secretariat does not advocate "absolute free trade". It recognizes the necessity of infant-industry protection such as the protection of financial services and civil aircraft in developing countries. <sup>(51)</sup> The IOCU Secretariat takes the position that those sectors are dominated by a **small**

number of countries and so allowing for infant-industry protection will establish competitors, which will in the future benefit consumers. <sup>(52)</sup>

The IOCU Secretariat also recognizes the necessity of protection for the maintenance of cultural diversity. It showed some understanding when European countries insisted upon the protection of their audio-visual services in order to cope with “cultural imperialism” from the US film industry, <sup>(53)</sup> though the IOCU Secretariat commented that the protection “must not be done at the expense of severely limiting consumer choice.” <sup>(54)</sup>

## Conclusion

The IOCU Secretariat pursues economic efficiency based upon the traditional free trade theory. CUJ and Ralph Nader argue that the traditional free trade theory does not work today due to the enormous influence of transnational corporations.

In addition, CUJ emphasises the importance of other values for consumers than economic efficiency. Food security, for example.

Groups who supported the Uruguay Round trade agreement besides the IOCU Secretariat include major consumer organizations in Europe which are also IOCU affiliates in conjunction with maintaining their alternate identity, “the Bureau European des Unions de Consommateurs (BEUC), and the Consumers Union, the biggest American consumer organization.

On the other hand, CUJ in Japan, the Nader group in the United States, the Third World Network and NGOs across the world that support family farms oppose the trade agreement. The Third World Network is led by Martin Kho who is an influential opinion leader of the Third World.

The IOCU Secretariat made many compromises to save the multilateral trade system, and it believes that there is the chance of further negotiations to make the system better.

We need to monitor the implementation of the trade pact to see whether the IOCU Secretariat’s position on the Uruguay Round agreement will turn out to be too optimistic. In fact there are already some disappointing signs: the Japanese government has started to relax food safety standards in order to conform to the trade agreement,

and the United States declared that it can retain the unilateral measures such as Super 301 even after the signing of the trade agreement.

On the other hand, CUJ should show how to rectify the trade imbalance between developed countries and developing countries if it opposes agricultural liberalization since, as the IOCU Secretariat pointed out, the agricultural sector is a valuable means of generating export revenues for developing countries. CUJ also should show how to promote competition among domestic food producers to keep food prices from rising.

#### NOTES AND REFERENCES :

- (1) IOCU changed its name on 23 January, 1995. The organization is now called Consumers International.
- (2) RESOLUTION 1 Food trade and GATT, IOCU Congress Hong Kong, July 1991.
- (3) The text was published in CONSUMERS UNION OF JAPAN NEWSLETTER JAPAN RESOURCES, NUMBER 89 MAY-SEPTEMBER 1994.
- (4) The text of the appeal was published in CONSUMERS UNION OF JAPAN NEWSLETTER JAPAN RESOURCES, NUMBER 90 OCTOBER-NOVEMBER 1994.
- (5) As to supporters of the idea of food security, see the following. Akiko Hashimoto, 'NGO, We Need "Peoples's GATT"', "Public Citizens' Activities Abroad", No.61 March 1991, 'Symposium on Food Self-Sufficiency', "Gendai Nogyo", March 1989.
- (6) Remarks of Ralph Nader Before the 13th World Congress of IOCU July 8 1991.
- (7) Monica Moor, 'GATT, Pesticides and Democracy', "Global Pesticide Campaigner", October 1990.
- (8) Akiko Hashimoto, op. cit.
- (9) Remarks of Ralph Nader, op. cit.
- (10) Third World Network Features.
- (11) Remarks of Ralph Nader, op. cit.
- (12) IOCU and BEUC PRESS RELEASE 6 November 1991 Consumers worldwide demand a conclusion to the GATT round, p.2 ; IOCU, THE TASK AHEAD RECOMMENDATIONS FOR THE WORK PROGRAMME OF THE WORLD TRADE ORGANIZATION, 1994, p.2 ; IOCU, UNPACKING THE GATT A Step by Step Guide to the Uruguay Round, 1994, p.1.

- (13) IOCU and BEUC, REDUCING THE BURDEN OF WESTERN AGRICULTURAL PROTECTIONISM Comments by IOCU and BEUC on agricultural trade and the GATT negotiations Statement by International Organization of Consumers Union and Bureau European des Unions de Consommateurs, November 1991, p.5
- (14) IOCU, UNPACKING THE GATT, op. cit., p.5.
- (15) IOCU and BEUC, REDUCING THE BURDEN OF WESTERN AGRICULTURAL PROTECTIONISM, op. cit., p.3.
- (16) Ibid., p.3.
- (17) Ibid., p.3.
- (18) Ibid., p.3.
- (19) IOCU and BEUC PRESS RELEASE, op. cit., p.1.
- (20) IOCU Director General's letter to CUJ dated 3 March 1994.
- (21) IOCU, World Consumer, No.195 JUNE 1991, p.5.
- (22) IOCU and BEUC, REDUCING THE BURDEN OF WESTERN AGRICULTURAL PROTECTIONISM, op. cit., p.7.
- (23) Ibid., p.7.
- (24) Ibid., p.7.
- (25) Ibid., p.2.
- (26) Ibid., p.8.
- (27) IOCU Director General's letter, op. cit.
- (28) IOCU, UNPACKING THE GATT, op. cit., p.59.
- (29) Ibid., p.58.
- (30) IOCU, THE TASK AHEAD, op. cit., p.3.
- (31) IOCU and BEUC, REDUCING THE BURDEN OF WESTERN AGRICULTURAL PROTECTIONISM, op. cit., p.8.
- (32) IOCU, UNPACKING THE GATT, op. cit., p.34.
- (33) Ibid., p.96.
- (34) Ibid., p.37.
- (35) Ibid., p.36.
- (36) Ibid., p.100.
- (37) Ibid., p.100.
- (38) Ibid., p.8.

- (39) Ibid., p.45.
- (40) Ibid., p.45.
- (41) Ibid., p.33.
- (42) IOCU, THE TASK AHEAD, op. cit., p.10.
- (43) A resolution on the regulation of transnational corporations was adopted at IOCU's 2nd World Congress in 1972.
- (44) IOCU, UNPACKING THE GATT, op. cit.
- (45) IOCU, THE TASK AHEAD, op. cit., p.4.
- (46) Ibid., p.4.
- (47) IOCU, World Consumers, No.210 NOVEMBER 1993.
- (48) IOCU, UNPACKING THE GATT, op. cit., pp.9-10.
- (49) Ibid., p.101.
- (50) Remarks of Ralph Nader, op. cit., p.1.
- (51) Ibid., p.91, p.94.
- (52) Ibid., p.93.
- (53) Ibid., p.90.
- (54) Ibid., p.91.