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EU Demands Corporate Access to U.S. Postal and Municipal Water Systems and Elimination of State Insurance, Land-Use and Alcohol Distribution Regulations – Leaked WTO/GATS Documents Show

With March 31 GATS Deadline Looming, Civil Society Groups Unite In Call for Moratorium on Current WTO Services Talks

WASHINGTON, D.C. – The national consumer group Public Citizen joined civil society groups around the globe today in a coordinated release of secret negotiating documents that have been leaked from the World Trade Organization's (WTO) service-sector negotiations. The documents expose the threat that the closed-door "GATS 2000" talks pose to essential public services upon which people worldwide rely daily.

The documents reveal the sweeping scope of issues now on the negotiating table. The issues include the privatization and deregulation of public energy and water utilities, postal services, higher education and alcohol distribution systems; the right for foreign firms to obtain U.S. government small-business loans; and extreme deregulation of private-sector service industries such as insurance, banking, mutual funds and securities.

"The good news is that this leak means the end to the Bush administration's attempts to dodge Congress and the public by saying that there's nothing going on at these WTO negotiations," said Lori Wallach, director of Public Citizen's Global Trade Watch. "The bad news is that everything from your town's municipal drinking water to the local electricity utility to the U.S. postman are headed for sale on some Geneva 'trade' negotiating table, and the public and our elected officials at every level have been kept in the dark."

Many of the services listed in the leaked documents are regulated in the U.S. at the local or state level, yet state and municipal officials are excluded from these closed-door negotiations. The leaked documents are European Union (EU) demands on other countries to privatize public services and deregulate service sectors as part of the WTO General Agreement on Trade in Services (GATS).

The documents, which many describe as the "smoking gun" evidence after months of speculation and concern about the secretive GATS talks, have prompted civil society groups worldwide to call for a moratorium on talks and a public process involving state and local officials. All WTO member nations, including the U.S., are expected to respond to the European demands within weeks, starting March 31, 2003. Europe's requests of the U.S. are available at www.tradewatch.org.

Ralph Nader, Founder

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Europe's complete requests to more than 100 WTO member nations are being released today by the Polaris Institute of Canada at www.polarisinstitute.org.

“These documents demonstrate that a sweeping array of basic consumer and environmental safeguards at all levels of government here in the United States are being placed on a chopping block in a closed, secretive venue,” said Public Citizen President Joan Claybrook.

Added David Waskow, trade specialist for Friends of the Earth, “The attempt by the European Union to liberalize what the WTO calls ‘environmental services’ is in fact an attack on public services for water and wastewater. The EU request appears to be completely at odds with environmental protection.”

Public Citizen recently wrote state and local officials about the ongoing GATS negotiations because in the past – for instance when the WTO was formed – U.S. trade negotiators made binding commitments regarding state and local regulatory authority without formally consulting state legislatures and other local officials. In a February 3, 2003, letter to state attorneys general, Public Citizen warned: “State and local authority could be curtailed profoundly and the constitutional balances of federalism irreversibly biased if states do not act now to protect their interests during these ongoing negotiations.”

“The USTR should not be making any commitments with regard to service sectors regulated by the states without a comprehensive consultation process with governors and state legislatures,” said Minnesota State Senator Sandra Pappas. “We make the laws, we don’t want them undone in a global trade agreement few of us have even heard about.”

The GATS was first established in 1994 as one of the Uruguay Round Agreements enforced by the WTO. The global services “trade pact” has little to do with traditional notions of trade, but rather creates new rights for foreign corporations to establish service businesses within another country’s borders or to send employees into other countries to perform services. It also sets strict constraints on government regulation in the service sector – even when those policies treat domestic and foreign services the same. GATS promotes privatization of public services and requires governments to offer compensation to other WTO countries if they take a privatized service back into the public realm. All signatories to the WTO are required to change their federal, state and local laws to conform to the WTO’s rules.

Since 2000, negotiators from the 100-plus WTO member countries have been engaged in closed-door negotiations in Geneva to further expand the scope of the GATS. Called “GATS 2000,” these talks are being pushed by the United States and the EU on behalf of major multinational service-sector conglomerates. The negotiations are aimed at seeking “progressive liberalization” of services, in part by bringing all service sectors under the disciplines of the GATS rules. Since GATS is geared toward market access for foreign competitors, the agreement is hostile to regulation in general and in particular to the diversity of domestic regulations in the U.S. that vary from state to state. GATS allows federal, state and local regulations to be challenged as barriers to trade if they are not designed in the least trade restrictive manner.

Public Citizen is a national, nonprofit consumer advocacy organization. For more information, go to www.citizen.org. To view a fact sheet on the EU’s demands, go to <http://www.citizen.org/documents/gtw5-fact%20sheet.pdf>.

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