

Summary (20 pages) of **Europe Inc.** Regional and Global restructuring of Corporate Power.

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For a comment on the new 2003 edition: see at the end.

Comment by E. Wesselius: This book was first written in the Spring of 1999. Therefore, many of the facts in the book are not quite up-to-date, but it is still a good historic overview. Please check www.corporateeurope.org for more recent publications by Corporate Europe Observatory on the main topics of the book. Corporate Europe Observatory now lobbies hard for more transparency in European politics.

Summary by Greet Goverde, g.goverde-lips@chello.nl, 03-01-2005. Note that there is more detailed information in the book, including elaborate notes providing proof for the statements below.

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I Corporate Europe

1 Welcome to Corporate Europe (introduction)

In the 1970s the EU Commission had a critical approach to industry, but now there is a virtual symbiosis between the Commission and industry.

Now over ten thousand lobbyists roam the halls of the Commission, Council and Parliament, the vast majority of them from PR firms, industry lobby groups and individual companies. 200 Big corporations have offices in Brussels. (from the CEO brochure 'Brussels, the EU quarter:

(see <http://www.corporateeurope.org/docs/lobbycracy/lobbyplanet.pdf>:: The total number of lobbyists is estimated to be around 15000. Over 70% work directly or indirectly for corporate interests, some 20% represent the interests of regions, cities and international institutions, while only about 10% represent non-governmental organisations, including trade unions, public health organisations or environmental groups.)

The lobbying industry started in the late 1980s and early 1990s. *Corporations and their lobby groups often provide useful information for the understaffed and disconnected Commission bureaucracy. They act as a replacement for the citizen-based constituency which the Commission lacks.* The Commission and the Council remain relatively unaccountable to voters. The complexity of the EU system means that substantial resources and expertise are needed to keep abreast of political development, and European coalitions of citizens' organisations and trade unions can't afford such lobbying. The absence of public opinion or discussion at the European level makes it easy for corporate front groups and think tanks to slide into the gap and orchestrate decidedly non-democratic debates. *The social movements* that constitute a real countervailing force at the local and national level are comparatively *weak* at the European level. The EP is weaker than national parliaments. Nonetheless, the EP's new competences have also attracted throngs of lobbyists, because 80% of The EP's amendments are accepted in whole or in part by the Commission and the Council;. Parliament is today lobbied by about 3000 people, most of them employed by industry (that is 5 lobbyists for each MEP).

Main corporate groupings:

- **ERT:** European Round Table, bringing together some 45 captains of industry from Europe's largest TNCs (Trans National Corporations). Since the early 1980s it has pushed for deregulation and

liberalisation. The ERT has formed a number of other groupings: ECIS (the European Centre for Infrastructure Studies), AMUE (Ass. For the monetary Union), etc.

- **UNICE** (European Employers' Organisation), and
- **AmCham** (European Committee of the American Chamber of Commerce)

These lobby groups have lobbied mainly for competitiveness (deregulation of employment rules), infrastructure networks and genetic engineering (EuropaBio).

The pursuit of competitiveness has led to a downward spiral of tax competition. Corporate taxes are reduced while taxes on labour have gradually increased; companies relocating to more accommodating climates leave unemployed people in their wake. Germany and Sweden resisted but had to give in. Ireland is the EU's corporate darling, with 10% tax for the manufacturing and services industries. Corporations can now vote with their feet within the euro-zone.

Concentration has taken place: markets in virtually every sector of the new EU economy are now controlled by the five largest corporations in that sector. Since the 80s the Commission has actively promoted *mergers* and the squeezing out of smaller, local companies. On top of that, the *standard-setting process* for products was dominated by large TNCs and led to concentration as well. Local industries lose out: free trade rules discourage national policies that protect local economies producing for local markets. Moreover *high-speed transport infrastructure* often worsens the economic position of 'less favoured' regions. A significant number of Europe's 20 million unemployed are situated in these numerous "peripheral" regions.

2 Laying the foundations: European PR agencies and Think Tanks. (p.11)

PR Agencies

The laxity of rules and regulations for Brussels lobbyists encourage practices which would be considered underhanded and unacceptable in the US or in other European capitals. For example, PR agencies are not required to record the identity of their clients when on official business in the Commission or parliament, and thus can wear a different corporate hat every day. The fact that they charge astronomical fees (up to 500 euros an hour) means that only large companies can afford them.

In the US PR has been well established since 1970 and has scored successes by 'greenwashing' corporate images to make them more environmentally-friendly, and by slinging mud at the critics of corporations and liberalisation. Some tactics

- anti-publicity campaigns, e.g. by scientific misinformation
- phoney grassroots campaigns or 'astroturf' campaigns. Examples are the American Council on Science and Health, mainly funded by chemical industries; the National Smokers' Alliance (on behalf of Philip Morris) and the Global Climate Information Project set up at the request of major oil and mining companies. This is also starting in Europe, e.g. German energy companies have set up groups that campaign against windmills with the help of PR agencies. The waste industry created 'Waste to Energy' and fought to have waste redefined as 'sustainable energy'.

All the major American PR firms have emigrated from North America and European capitals to Brussels: **Burson-Marsteller; Shandwick, Hill and Knowlton; Edelman.** (The first two share an office with Unilever). They know which people in which committee to talk to, make a map for lobbyists.... Chairman of B-M, former Commission employee: *'we don't do the lobbying.... What we do is to give the company the information so that they can actually go and make the case themselves.'*

They invest a lot of time in tracking all the legislation which shuttles between the Commission, the Council, the parliament and the various committees. The Commission is where the most important action unfolds. Personal contact is key

Burson-Marsteller (the world's largest PR company, 60 offices in 32 countries) specialises in 'perception management'. (e.g. creating favourable images of dictatorial governments in Indonesia, Argentina and South Korea, the disinformation campaign in favour of biotechnology (see ch. 9), and 'information' about the Bhopal disaster in India,)

Edelman. Its clients are TNCs and its main activity is high-level lobbying. They specialise in complicated issues *'where companies are still completely in the dark'*, e.g. WTO matters, and they claim to have access to the secretive Article 133 committee (formerly 113) * in which EU member states formulate trade policies. E.g. the Fuji-Kodak dispute. Laurentien Brinkhorst who works for them says: *'if you do a good job you can*

actually help formulate the Commission's policy. We are useful to the EP too..' Edelman's niche is the facilitation of 'dialogues' between the corporate and non-governmental sectors. ('corporate citizenship'.) **Other PR groups** are more straightforward, e.g. in 'pressure politics': responding to the pressure group challenge. They create fear about pressure groups among corporations, so as to get more clients who think they need lobbyists to protect them against civil societies. Subsequently they help firms with the 'dialogue' with pressure groups..
The increasing competition among PR groups causes more aggressive outreach to get contracts.

Corporate Think tanks:

They are modelled after the (American) Heritage Foundation and American Enterprise Institute, both instituted in the 70s. They are of a more neutral nature than conventional lobby groups but have played a major role in shaping the public debate.

CEPS Centre for European Policy Studies. (p17) 40 employees work in its Brussels headquarters; it has an annual turnover of approximately 4 million euros. It has a network of chapters in a number of European countries. Annual membership fees start at 24.000 euro and are as high as 60.000 euro for the Inner Circle members.. It organises elite gatherings of CEOs, top EU decision makers and conservative academics. Director Ludlow: *'We are an insiders' institute and this is crucial. We are here to talk at the highest level'*. The ideas in its policy papers and working parties about the EMU (euro), the CAP, fiscal policy, institutional reform and enlargement have been adopted by the policy makers in the Commission.

EPC the European Policy Centre, a relative newcomer (1997) includes company directors from Philips and Mars, (ex) –commissioners, bankers, EU parliamentarians and journalists from Le Monde and The Financial Times. It enjoys significant financial support from its corporate members, who in exchange have regular contact with decision makers. Studies are also carried out on behalf of and with financial support of the Commission (studies on enlargement, taxation, business-friendly policies, WTO negotiations etc.)
The above information about lobbyists and think tanks is just the tip of the iceberg – much work needs to be done to lay bare this terra nova for NGOs and social movements. This is necessary for genuine democracy, transparency and access in Brussels decision making.

3 Writing the Script: The European Roundtable of Industrialists (ERT)

The **ERT** , founded in 1983, is one of the main political forces on the European scene. It has unhampered access to top politicians and has helped set the EU's agenda, e.g. concerning the single Market and the TENs (Trans European Networks), and enlargement.

It consists of 45 captains of industry. Membership is personal rather than corporate, and by invitation only. It has never bothered with detailed legislation but concentrates on the big picture.

In 1982 Pehr Gyllenhammar (Volvo) and Etienne Davignon (Commissioner for industry) and Wisse Dekker (Philips) and Agnelli (Fiat) drew together a cross-sectoral group of leading European CEOs, modelled on the influential US Business Roundtable. Their aim was to 'relaunch Europe'. Wisse Dekker wrote his proposal to eliminate trade barriers, harmonise regulations and abolish fiscal frontiers, and three days after its presentation Jaques Delors delivered a speech in the EP which closely paralleled it. It was precisely the momentum towards further unification that the Commission had been seeking. An intensive ERT campaign followed to lobby undecided national government leaders; Dekker made the Single Market his main priority for four years. After the Single European Act (1987) the ERT concentrated on its speedy implementation. The Commission ignored other voices, including from within its own ranks, e.g. about the environment. In the end the ERT got its free trade zone indeed, with 340 million consumers.

Its next priority were the TENs (Trans European networks), the largest transport infrastructure plan in history, linking Sweden to Spain, etc. The plans were included in the 1991 Maastricht Treaty. Additional funding was found through a new public-private hybrid infrastructure lobby group, ECIS, (European Committee for Infrastructure Studies).

The ERT was very active during the negotiation of the Maastricht Treaty. One of its most tangible results was the EMU (European Monetary Union). An ERT report from 1991 has a timetable that bears remarkable similarity to the one in the Maastricht Treaty. The main work preparing the ground for the EMU was by AMUE (Association for the Monetary Union of Europe), founded in 1987 by five TNCs

The most noteworthy example of close co-operation is the similarity between the ERT report 'Beating the Crisis' and the Commission's 1993 White Paper on Growth, Competitiveness and Employment. (Delors). ERT president: *'the Commission has changed. It is less bureaucratic, it listens more'*.

In the 1980s the ERT was split between two factions, one preferring protectionist industrial policies and the other preferring global free trade. Today they push unanimously for the opening of markets around the globe. They convinced the Commission to press for the end of the Uruguay Round in 1993, (GATT)

The European Round Table's access to EU decision-making has become increasingly institutionalised, mainly through its participation in EU working groups, e.g. the CAG (Competitiveness Advisory Group, see below), and the telecommunications group. (Six out of the twenty members in the telecommunications group were ERT members; there was not a single representative of consumer groups, trade unions, or small and medium-sized companies).

The Brussels office of ERT has only 7 staff: it is little more than a contact point. There is a steering committee, and there are biannual plenary sessions where all decisions are taken by consensus. Much of the preparatory work is done by 11 working groups, each chaired by an ERT member and staffed by experts from ERT companies. External consultants are also frequently brought on board.

Current priorities of ERT (p.26)

Competitiveness. The Single Market Action Plan was adopted by the EU council in 1997 in Amsterdam. Three months before the ERT Secretary General was already sure it would be adopted. It has led to further liberalisation of the telecommunications, transport and energy markets, patenting of life, monopolies for biotech companies, and movement towards harmonisation of taxation.

Benchmarking (= the quantitative comparison of the effects of policies on competitiveness.). According to ERT: *'Scanning the world to see what is the very best that anybody anywhere else is achieving, and then finding a way to do as well or better'*. Sometimes it means taking the lowest standards as a yardstick, and demanding higher standards is then seen as 'hindering free trade'. It was introduced as a leading principle in EU policy making: international competitiveness is institutionalised as the primary criterion for decision making. Technical specifications are decisive factors rather than political deliberation. It is used to promote further trade and investment liberalisation. Better market access in southern countries is said to be the reward. The consequence is a high-speed race to deregulate. 'Competition on rules and benchmarking have proven to be among the most effective drivers of the present process of opening the economy, deregulating and modernising the institutions for private business investment'.

In 1997 the ERT set up a working group on enlargement. Business advisory councils were set up within the candidate countries. A number of so-called 'win-win' case studies were provided to support the thesis that investment by Western companies will bring only benefits for both the EU and the host countries. However, the rosy presentation is based on flawed case-studies. In reality local companies were shut down, which increased unemployment e.g. in Hungary). Procter and Gamble and Unilever have basically divided the CEE (Central and Eastern European) market between them. Western companies often use dirtier technologies and lower production standards in the east, or lower emissions per product are often cancelled out by increased production volumes. The Business enlargement Councils set up per country will spread the ERT's competitiveness message, focussing on structural adjustment and liberalisation. This is mirrored in the model prescribed for countries awaiting membership, as well as in the way EU funding has been channelled through the controversial Phare programme which benefits Western European countries more than the recipient countries. Structural adjustment requires that the countries have to adopt EU legislation, a reduction of the role of the state, and an increased dependency on foreign investment. The negotiations with the EU leave no room for alternatives. All this is downplayed as 'a fact of life'. EU exports to CEE now top 80 billion euro – treble the level of a decade ago, with ERT companies playing a particularly active role.

Innovation: restructuring Europe.

International competitiveness is said to be the true path to job creation, and the fastest path to employment is said to be innovation. An irresistible flow of newer, better or cheaper goods or services is constantly making older products uneconomic or obsolete. Education (life-long learning) should be linked to industry according to the ERT. Finance, research and development and regulatory conditions should be geared to innovation. This is focussed at large firms. Only some SMEs (Small and Medium-sized Enterprises) are worthy of their support, e.g. biotech industries. The ERT consistently ignores the fact that large companies are responsible for massive job losses through mergers, acquisition, corporate restructuring and outsourcing. (Data, on Philips and Pilkington, see p 32).

Corporations increasingly focus on short-term profits and high shareholder returns.

CAG, the Competitiveness Advisory Group, portrayed as an independent advisory group, is composed of top industrialists (several ERT members), 3 (out of 13) trade unionists, and some academics. The idea for the CAG was launched by S.G. Richardson of ERT, and modelled after Clinton's report 'Beating the Crisis' of 1993. The CAG was installed in 1995. It produced four reports in 1995 and 1996, and many of the proposals eventually appeared on the EU's political agenda.

The proposals included: funding of TENs (see below, ch.8); enlargement of Europe; life-long learning (flexibility of workers); a new role for the state which should initiate deregulation and privatisation; modernisation of the labour market through greater flexibility, wage moderation and greater mobility; and changes in social legislation which would put corporate needs before the public interest. In the fourth report the CAG called for continuing liberalisation of trade and investment within the WTO, the completion of MAI (ch 12: Multilateral Agreement on Investment), and a modification of article 133 * of the Maastricht Treaty which would enable the Commission to negotiate on services, intellectual property and foreign direct investment.

In May 1997 the second CAG was appointed, with more of the same. Economic globalisation is enthusiastically defended as an irreversible process. In a later report reform of the EU capital markets is proposed, in relation with the single currency.

In contrast with the strong ERT presence, UNICE (see below) has not been represented in the CAG – they refused because they thought it would lead to a compromise with trade unionists, academics and politicians. Their fear appeared unfounded: the three trade unionists in the CAG proved harmless, and their presence gave the CAG reports respectability. Since the CAG, the ERT has produced significantly fewer reports. Their recommendations are now represented through this CAG, which is a formal body with official EU status. The ERT can now continue its work behind the scenes.

4 UNICE: Industry's well-oiled lobby machine.

The Union of Industrial and Employers' Confederations of Europe has been the official voice of industry in the EU since 1958. Its communications director: *'You can see us as a manufacturing plant where we produce documents.'*

Compared to the ERT this lobby group implements the less glamorous but equally critical details. Its working groups dissect every proposal, regulation, directive and article emerging from Brussels before spitting influential position papers back into the policy-making apparatus. It is a 'family' of 33 employers' federations from 25 countries. It has a detailed, micro-approach to policy making. The national federations play a special role in buttering up the EU ministers and the EU parliamentarians in their respective countries. UNICE works with a PR agency to ensure the continual presence of 'somebody with a UNICE hat' in the parliament, and they also court the media.

Compared to ERT, they enjoy official and thus legitimate status. Of course there is much overlap and personal contact with ERT. UNICE's-G Tyskiewicz: *'there may be many voices, but the important thing is that they are all carrying the same message'*.

(The relationship with UEAPME (small and medium-sized businesses) has been less smooth. This group has long dreamt of being an official partner in the EU's social dialogue, along with ETUC - trade unions - and CEEP - public sector employers. In vain. Now they are allowed in meetings but have no official status.) UNICE has 40 staff and 60 working groups and is crucial in setting the overall agenda. Its priorities do not differ much from those of ERT:

Benchmarking competitiveness

The single market and EMU (clamouring for full liberalisation of public procurement and the opening up of many services to greater competition; protesting against environment and health requirements; calling for structural reforms and flexible markets etc.)

Taxes and jobs. UNICE repeatedly calls for tax reduction for industry, and minimal corporate and labour taxes, and flexibility of the labour market. The group strongly rejects the idea of collective bargaining.

Enlargement. Countries must be able to implement every aspect of the single market before they are admitted. UNICE hopes to clarify article 133 * of the Amsterdam Treaty: the Commission should gain the full

competence to negotiate international agreements on services and intellectual property – otherwise the vetoes that are now possible will automatically extend to the new countries. UNICE has set up a task force on enlargement. Experts are assigned to each candidate country. They help them to adapt to the 'acquis communautaire'. (All principles, policies, laws etc. that have been agreed on. It includes judgements by the European Court of Justice and thereby establishes the primacy of community law over national law.) UNICE people are seen as 'Sir Leon's groupies' because they are even more fervent enthusiasts about free trade than the champion Sir Leon himself. They bitterly complain about the failure of MAI (see below, ch. 12) and now hope for the TEP (Transatlantic Partnership, ch 12) and the Millennium round in the WTO. They are present at virtually any discussion that takes place on water, chemicals, waste, packaging, recycling etc. At global conferences they plead for voluntary compliance for industry and for market-based solutions.

5 AmCham chimes in with the Brussels corporate choir. (p.45)

The EU Committee of the American Chamber of Commerce (in short AmCham) is a lobby group representing the American Chamber of Commerce. , one of the first lobby groups to systematically monitor and influence European Commission policy-making in the 80s. Membership is predominantly restricted to European companies of American parentage, or those with control ultimately resting in the US: Boeing, McDonalds, Monsanto etc. (145 plus industrial giants).

It works closely with UNICE and ERT, they even publish joint papers. They are different people telling the institutions more or less the same thing. It repeatedly warns that Europe has to be more flexible to be able to compete with developing countries.

AmCham is viewed as one of the most powerful lobby groups. It is the main clearing house for businesses requiring EU policy information. In 1998 they produced 60 policy papers and ten books and had about 350 meetings with the Commission and Parliament.

They have special access to COREPER: (Committee of Permanent Representatives): the member states 'ambassadors' to the EU. COREPER prepares decisions for the Council of Ministers.

AmCham has special biannual meetings with COREPER. Business is conducted mainly through 12 subcommittees and 40 specialised working groups. They are engaged in an ongoing attempt to modify or destroy EU legislation that might harm the interests of AmCham's corporate membership. In 1999 e.g. they lobbied strenuously to change EU waste management proposals and to re-categorise incineration as environment-friendly and to prioritise it over recycling. AmCham's fingerprints are on the regulations on electronic commerce and on taxation. Its multinational nature facilitates the comparison of rules and regulations in the various countries – '*It is almost a benchmarking of what is good in other regimes*', according to AmCham's manager for European affairs.

It is not surprising that the lobby group supports a strong, centralised European Union.

6 Polishing the EMU: the Association for the European Monetary Union

The **AMUE** (Association for the Monetary Union) was created in 1987 and transformed into the **EMU** in the Maastricht Treaty. AMUE was founded by 5 corporations: Fiat, Philips, Rhone-Poulenc, Solvay and Total. Wisse Dekker (Philips) was its first chairman. There is a sturdy base of ERT representatives. UNICE is also a member. The majority of the nearly 300 current members come from the EU's financial and banking sectors. Trade unions, consumers and other interest groups were excluded from the beginning. The members of AMUE have been the main driving force behind the EMU. When the politicians hesitated about the introduction they pressed for the inclusion of a well-defined time schedule in the treaty. "*We were always considered as very useful by the Commission, they always ask representatives of the AMUE to be there*" says chair Davignon. The AMUE claims to have organised over one thousand conferences and seminars since 1989, especially in the countries with the strongest phobias, e.g. Germany. In 1994 the Commission set up an 'independent committee' for the changeover to the euro. (Of the 12 experts on the committee one is a consumers' representative, 3 AMUE board members, etc.)

Parliament and the Commission frequently consult AMUE on money matters. '*They call us, we call them, they see us, we discuss matters*'. AMUE was very active to help especially the retailers and the tourist

industry prepare for the euro. Now it lobbies for the harmonisation of company law and stock market legislation and stresses that the euro-zone should have a single representative at G8 meetings. They dialogue with the US and Japan to prevent excessive fluctuation of euro, dollar and yen. The AMUE meeting in September 1998 in Hong Kong paralleled the annual meeting of the World Bank and the IMF. Quite an achievement after its humble origins in 1987.

The AMUE however is silent about other euro-zone realities: widespread social and economic upheaval across Europe. The focus of EMU criticism from progressive groups has been the convergence criteria agreed upon in the Maastricht Treaty. Government debt, inflation rates, budget deficits and long-term interest rates should be brought below a certain benchmark level. In most countries the 'necessary' budget cuts have targeted social, health and education programmes, in combination with controls on wages and massive privatisation. The criteria were consolidated in the Stability and Growth Pact, 1997 Amsterdam. Another point of EMU criticism has been the threat to democracy. The ECB (European Central Bank), an unelected and unaccountable body, runs the EMU. AMUE's response to this is that the set-up has been approved by elected heads of state.

The EMU has led to a wave of mergers, especially in the financial sector – and to unemployment. (One in 20 people lost their jobs is the guess). It leads to economies of scale. (E.g. Reebok had 14 distribution warehouses, now only one, in the Netherlands.) It is responsible for the increase in the ecologically unsound long-distance transport of goods. It has intensified competition. *'Elected officials, facing competition as they try to attract the investments that will create jobs, will eventually lower corporate taxes and streamline regulation to stave off unemployment.'*, says Jürgen Schrepff of Daimler-Chrysler.

The euro is very different from the dollar. In the US, geographical mobility is much higher, and there is one language and culture, so migration of labour is no problem. And unlike the US federal government the EU does not have the capacity to provide financial support to states experiencing economic problems. So the single currency will lead to larger regional disparities within the EU. There will be winners and losers. Probably parts of Spain and Portugal and Greece will be further marginalised. A more equitable distribution of wealth would demand far higher contributions from member states. A debate about ECB policies (policies of the European Central Bank) is taboo due to possible retaliation by the financial markets. Economic analysts compare the single currency to a Trojan horse, a sneaky way to wheel in dramatic structural changes.

7 Doing business in Amsterdam: the ERT, UNICE and the Treaty of Amsterdam. (p.58)

The Maastricht Treaty of 1991 stated that it would have to be revised after 5 years. A 15-month period of meetings of the Intergovernmental Conference (IGC) culminated in the June 1997 summit in Amsterdam, and the Amsterdam Treaty was signed in October 1997. The demands of the lobby groups ERT and UNICE were similar to those before the Maastricht Treaty:

- the power of the EU and esp. of the Commission should be strengthened, as should its 'ability to act'.
- The EU should stick to previously adopted schedules for economic and monetary union and enlargement towards central and Eastern Europe
- The revision should avoid integrating new elements, such as environmental and social clauses, which might damage industrial competitiveness.

In fact this treaty is less aggressively orientated towards unification, probably an attempt to avoid negative public reactions. Yet in June over 50.000 people demonstrated in Amsterdam against unemployment, poverty and social exclusion.

The special ERT working group which had been set up for the IGC was active in many high level meetings. With this unfettered access the ERT has a distinct advantage over UNICE, which however also reached ears of every level, and as usual they deluged key IGC figures with letters and position papers.

Institutional reform was by far the most controversial point of the negotiations. However, fewer structural changes were adopted than had been anticipated. The ministers' mandate to vote by qualified majority was extended, but not in areas like taxation and environmental taxes. The European Parliament's powers were somewhat strengthened with the expansion of the co-decision procedure to a number of new fields (*Under co-decision the EU Parliament can put forward amendments to Council proposals. In the case that the Council does not agree, the proposal goes back to Parliament for a second reading. If Parliament sticks to the amendments, a conciliation procedure begins and continues for a maximum of three months. This gives parliament a kind of veto right.*) Industry was particularly pleased with the greater power granted to the President of the Commission. ERT's Keith Richardson: *'it will make life less difficult for industry.'*

The Amsterdam Treaty also approved the Single Market Action Plan, which had been lobbied intensively by both ERT and UNICE. It proposed opening up energy, transport, telecommunications and patent protection for biotechnology products to full EU-wide competition before 1999. The Council in 1999 stated it was satisfied that its directives were more and more implemented in the member states.

For UNICE and ERT competitiveness was a prime reason for their interest in the IGC proceedings. They saw public policies on job creation, social security, environment and workers' rights as threats to competitiveness. UNICE protested violently when these subjects were brought up. ERT's attitude was more laid back: *'Writing a chapter in a treaty on job creation will not create jobs.'* *'it is only lip service'*. The focus in the employment chapter of the treaty is on creating flexible 'McJobs', promoting a skilled, trained and adaptable workforce. No concrete actions for job creation are outlined, and no sanctions proposed for governments not living up to the recommendations.

The environmental movement's success in having sustainable development included as an official EU objective to be integrated in all policies is consistently being undermined.

Enlargement was put firmly on the agenda soon after the Amsterdam Summit. Both ERT and UNICE lobbied vigorously. They see CEE (Central and Eastern European Countries) as a reservoir of highly skilled and cheap labour and as new markets ('In the west we are already consuming everything we can consume'). But they insist that CEE countries undergo stringent structural adjustment prior to accession. Governments are expected to relinquish control, which is a death knell for local business.

Corporate Europe approved of the fact that in the GATT negotiations the Commission had negotiated on behalf of all its 15 member states, and they strongly supported the extension of the scope of Article 133 * of the Maastricht Treaty, which gives the EU Commission competence to negotiate on behalf of the member states in matters concerning international trade in goods. In the draft treaty for the Dublin summit (Dec 1996) extension of article 133 was proposed to trade in services, intellectual property and public procurement. But due to national resistance, notably from Chirac, this was not accepted, and such deals must still be ratified by the Council of Ministers and by all 15 EU countries. This was seen as a failure, although in practice the Council will usually follow the Commission's proposals.

ERT and UNICE were not satisfied with the treaty of Amsterdam – it didn't go far enough. The ERT has even pleaded for the creation of joint EU military forces by arguing that the Union should be able to defend the global interests of European defence business (p.67). Richardson also pleads for the preservation of competitive defence industries.

8 Oiling the Wheels: lobbying of European Transport Infrastructure

As early as 1984 the ERT produced a report called 'Missing Links' about the 'underdeveloped' crossborder infrastructure network as a barrier to European economic and social progress. A 'Scan-Link' bridge and motorway linking Germany, Denmark and Sweden, high-speed trans-European rail links and the Channel tunnel were pinpointed as crucial. In a subsequent document, 'Missing Networks', they stressed the urgency of new roads through the Alpine and Pyrenean barriers, and to Eastern Europe. (Many ERT companies have direct interests: oil companies, car producers, electronics producers, and constructions firms.

Production is restructured on a European scale: flexible 'lean production' systems, 'just-in-time' production by specialised contractors etc.). The European ministers referred to these reports as 'the Masterplan for European infrastructure'. The Commission funded many ERT activities, including reports. The ERT participated in the official Motorway Working Group. The more than 150 projects are planned for construction by the year 2010; most of them have now (summer 1999) already been constructed.

Freight transport will increase four or fivefold, far beyond ecologically sustainable limits. The TENs project will cause severe environmental damage and destroy more than 60 important nature sites. Greenpeace says it will result in a 15-18 per cent increase in greenhouse gas emissions.

The plans first came up for discussion in the EP only in 1995. (11 years after the ERT report). Some of the demands of the environmental movement were met, but they were heavily watered down. E.g. construction of a project can begin long before the relevant SEIA (Strategic environmental Impact Assessment) has been completed. The ERT continues to complain about the relaxed speed and continues to demand for more resources. (The resources were promptly agreed in the 1992 summit.)

The idea for setting up a new organisation that could speed up TENs construction was launched at a 1992 ERT conference in Lisbon. This is the infrastructure institute ECIS (European Centre for Infrastructure Studies), opened 1994 in Rotterdam. This is now doing the more detailed, mainly financial and technical work, according to ERT's ex-Secretary General Richardson. ECIS prepares studies and conferences on behalf of the Commission, 'to educate Commission officials and others'. It proposed regulatory principles which are implemented today, such as 'single agents' for cross-border projects, public-private partnerships, and substantial new funding. The Commission relied heavily on ECIS studies – no journalists seem to have investigated which 'independent' research institute came to the optimistic conclusions in these reports. In 1995 a study of the high-speed train network was presented. The Commission's reports on TENs and trains relied heavily on ECIS studies.

In 1997 ECIS funding (from the Commission and industry) dried up. The European Construction Industry Federation (FIEC) launched an offensive to increase investment but it lacks the subtle ECIS approach and hasn't had much effect. Some new institutions were set up, such as the Coalition for Sustainable Transport, led by the International Road Federation, which in spite of its green name proclaims that road transport is the most sustainable form of mobility.

In 1998 the Italian, German and French (social democrat) governments called for more government spending on TENs, using the job creation argument. For the same reason the EP has repeatedly called upon governments to increase investment in infrastructure. The Commission calculated there would be a vast increase in jobs, but the environmental movement challenged this, as did a UK government's committee.

In fact the number of lorry kilometres grew by 30% between 1991 and 1996 and meanwhile unemployment increased at the same rate. Fast long-distance transport generally facilitates further centralisation of production. The TENs provide the larger corporations with easy access to markets in every corner of Europe. The loss of numerous 'local' jobs with 'less efficient' small producers all over Europe is the negative side of the centralisation process. If the entire TENs budget were made available for investments in local public transport and housing in cities, towns and rural areas, and for work in the fields of health care and education, many more jobs could be created and the environment would be spared.

In 1994 the Swiss voted in a national referendum that all freight should go by rail, but the EU objected. Jorritsma even threatened to refuse Swissair landing rights. In 1998 the Swiss government caved in. However, Swiss environmental groups protested and the matter was still undecided in 2001. A Commission study predicts that freight transport across the Alps will increase by 75 %

The EUP intends to repair the environmental damage of increased transport with technological improvements.: the the auto-Oil programme. They proposed tougher standards for cars and fuel. Reductions of sulphur, benzene and other pollutants would be reduced from 2010. The Council and the EP rejected the Commission's proposal as too weak and suggested technological improvements. In 1998 the Commission presented a revised version, which was then weakened by Labour MPs from British constituencies with refineries, and the Council accepted a weakened version. The EP protested. This led to a conflict, but after a three month conciliation period a compromise was reached. Parliament ultimately accepted the less stringent standards proposed by the Council. The Auto-Oil programme could in the most optimistic scenario lead to a halving of pollution, but with the anticipated doubling of traffic the air quality will still be a problem.

The Commission made a voluntary agreement with the European car industry to reduce CO2 emissions for new cars, but this is not binding. Other elements are the promotion of intermodal transport systems and 'fair and efficient pricing' (road tolls, probably). Freight by rail is used by the Commission as a further argument for rail privatisations and Europe-wide competition.

9 Forcefeeding Europe: the Biotech Lobby

The pro-biotechnology position of the EU Commission was probably influenced by corporate coalitions like EuropaBio. GM products have inundated the EU market. In 1998, following a corporate lobbying effort that broke financial records, the EP approved a directive allowing the patenting of life forms, but this directive has been challenged in the EU court of Justice and there is increasing pressure for an EU-wide moratorium. People are worried, but the self-termed '*life sciences industry*' sees things differently and has set up

ambitious and successful lobby networks. The Commission claims that biotechnology is for the good of Europe and has implemented policies and funding for research and development, tax incentives for small start-up companies, and rapid approvals of mergers.

EuropaBio is made up of some 600 companies, ranging from the largest companies in Europe (including US companies like Monsanto) to national biotech federations representing small and medium-sized companies. In the EU's decision-making process the Commission has the final word in approving products to be marketed within the Single market. In the case of Novartis maize most of the EU governments were opposed but nevertheless the Commission went ahead. The probable breakthrough for biotechnology was the Delors white paper of 1993 on Growth, Competitiveness and Employment. Public concerns were written off as 'technology hostility and social inertia'.

One week after the conclusion of the Amsterdam Summit in 1997 (ch. 7) Amsterdam hosted the first European Bio-industry Congress. A few days before the conference Burson-Marsteller's proposal for EuropaBio was leaked to Greenpeace. It appeared the PR firm sees environmental and health risks as '*communications killing fields*' and therefore advises industry to '*refrain from partaking in any public debate on these issues and leave that to politicians and regulators*'. They recommend the creation of 'positive perceptions' around products, and saying that firms could freely choose to use or not use biotechnology. Yet activists loudly voiced their concerns at the start of the conference and Greenpeace dumped a truckload of soybeans at the entrance.

Industry and the EU life patents directive: a Case Study.:

In 1995 Parliament had rejected a life patents directive, but a virtually identical directive was adopted by overwhelming majority in 1998. What transformed the opinion of Parliament?

- the key words '*jobs*', '*growth*' and '*competitiveness*.' In its 1997 report '*Benchmarking the Competitiveness of Biotechnology in Europe*' EuropaBio highlighted the relaxed regulatory environment in the US and suggested Europe needed the same. The report claimed that biotechnology would create 3 million jobs by 2005.
- In 1997 EuropaBio joined the Forum for European Bioindustry Coordination (FEBC) which issued a flood of lobby papers, also on specific scientific and legal principles raised in the directive. Many of these papers offered misleading interpretations of the directive text, suggesting that '*Parliament's original concerns had now been addressed*'. It claimed that patents were necessary for new treatments, cures, food products and environmental solutions.
- Other major industry groupings put their energies behind it. SmitKline Beecham allocated 20 million pounds towards its pro-directive campaign. The company also actively manipulated *patient interest groups*. Its tactics included direct support of patient charities, and organisations. It hired the former assistant to the chair of the EU Parliament's Environment committee as its director for European affairs. (This provides insight into the workings of the EP and the environment movement.)

On the day of the July 1997 vote a number of patients in wheelchairs outside the Strasbourg building shouted '*No patents, no cures*'. MEPs voted accordingly. Further investigation proved that these patients were largely co-opted and financed by pharmaceutical industries and did not represent the views of most patient interest groups. The GiG (Genetic Interest Group), a UK umbrella organisation became very active in lobbying for the directive after SmithKline Beecham began making donations to the GiG. Another consultancy group, Adamson Associates, organised an information event which was presented as an event organised by patient groups. After the July 1997 vote patient groups have woken up to the fact they were manipulated, but the shift came too late.

Critics of the directive point to the activities of 'bio-prospectors' who have been deceiving indigenous people to steal their collective knowledge and patent their medicinal plants and even their own genetic materials, i.e. their DNA. But mass opposition is burgeoning and the future of biotechnology in Europe is still on shaky ground. A number of countries have taken action or initiated a legal challenge.

PART II GOING GLOBAL (p. 89)

Ch 10 Globalisation: corporate-led, EU-fed

The predominant political blocs from different parts of the world have joined forces in the WTO. In this section there are **three case-studies** of how the EU, led by the European Commission, is campaigning for global trade and investment deregulation to create a so-called global 'level playing-field':

- 1 Campaigning in **TEP** (transatlantic Economic Partnership). Since 1995 the TABD (Transatlantic Business Dialogue) had brought together a 100 captains of industry from the EU and the US to identify what they consider as 'barriers to trade' (e.g. eco-labelling, restrictions to GMO products, and public spending on local economies). In 1998 this informal process was streamlined and re-baptised TEP
- 2 **MAI** (Multilateral Agreement on Investment). This controversial investment treaty was negotiated in the OECD between 1995 and 1998 when public outrage brought it to an end. For the Commission the battle was led by Sir Leon Brittan.
- 3 **The WTO Millennium Round**. In its rulings in trade disputes on bananas, beef hormones and numerous other products, the WTO has put trade above environmental and social aspects.

There is a democratic gap: the Commission negotiates for its members states in bodies like the WTO. The bulk of the EU's decisions are made in the powerful 133 committee, which consists of trade officials from member states and commission representatives. Only major or controversial issues are brought before the EU foreign trade ministers (p. 93). The EP doesn't have much to say and the national parliaments don't know what's going on and have limited awareness of trade and investment decisions. In the financial crisis of the late 90s 20 million people became unemployed and 200 m people were impoverished. The EU denies any link with trade and investment liberalisation. Contrary to the 'trickle-down effect' (the supposedly positive effect of liberalisation) the gap between rich and poor continues to widen. In 1965 the average personal income in G-7 countries was 20 times that in the seven poorest countries, in 1995 it was 37 times as high. UNCTAD blames the liberalisation forces for these developments, and considers the current situation inevitable until the economy is refitted with regulations.

The obvious beneficiaries of EU trade and investment are the European-based TNCs that have evolved into global players. The top 500 global companies, most of them based in Japan, the US and the EU, control over two thirds of world trade and one third of the world's global assets. It is economic tyranny. While the world economy increases by two or three percent each year large corporations grow by 8 to 10 percent. Perpetual mergers and acquisitions make up 80 percent of all foreign investment. The financial crisis only increased the TNC's hunger for the emerging markets of East Asia and Latin America. The IMF's 'recovery packages' prescribe removal of virtually all remaining obstacles to foreign investment. TNCs are buying out local companies at bargain prices. This is accompanied by the 'shedding' of jobs. Between 1993 and 1995 the global turnover of the top 100 TNCs increased by 25% but in the same period they cut the global workforce by 4% (225.000 people). Part of the obsolete workforce may be hired by subcontractors at lower wages and declining work conditions. TNCs increasingly use the threat of de-localisation.

The increased growth, investment, monopolisation and concentration upon which TNCs rely – as well as the resulting job losses and environmental degradation - are a major structural deficiency of the current neo-liberal economic model.

11 (1st case study) The Transatlantic Connection: TEP.

TEP (see above, beginning of ch. 10) is a programme to remove barriers to transatlantic trade. It was a re-worked version of the European Commission's controversial NTM (New Transatlantic Marketplace), a plan for the creation of a EU-US free trade zone which was blocked by the French government in 1998. The TEP (Transatlantic Economic Partnership) is less ambitious, but it still assigns a central role for the corporate-state structure in determining policies.

The NTM proposed the dismantling of all remaining barriers to trade in services as well as tariffs on goods by 2010. It was another one of Sir Leon Brittan's babies. Several governments felt it went too far and feared the US would use it to prise open the EU audio-visual and agricultural markets. After two weeks' intense negotiations in May 1998 Blair and Clinton and Santer announced the birth of TEP. The US and EU administrations undoubtedly learned lessons from the failure of the 'big bang' MAI treaty (see below, ch. 12), which ran into unprecedented opposition, and from the opposition to the TEP precursor NTM. The TEP proposes a step-by-step removal of barriers to trade and investment, avoids controversial words like 'harmonisation' and 'free trade area', and inserts soothing words on health and the environment. It incorporates various dialogues with trade unions and civil society and has less stringent deadlines. In the TEP the US and the EU commit themselves to maintaining open markets, resisting protectionism, and working in tandem with the WTO. This formalises a process which has existed since the early 1990s. Joint positions on WTO issues have for years been negotiated within the so-called Quad, which includes the US

and the EU and Japan and Canada, and at previous EU-US summits. This is in part why WTO agreements are so biased towards the interests of northern governments and their TNCs

The first issues to be tackled are public procurement (= Du. aanbesteding) and biotechnology. Governments will be obliged to offer contracts to EU or US companies offering the best bid. This will be the end of the 'buy local' provisions in contracts. Concerning biotechnology it means removing barriers concerning food safety and GM crops. A US congressional hearing of July 1998 welcomes the possibility for 'undermining 'cumbersome' (= awkward, Du. *lastig*) European regulations'. A TEP representative says it is an opportunity to reduce government intervention. 'Eco-labels discriminate against international competition', she says. She also attacked the EU packaging directive and the German recycling system as 'unfair competition'.

Mutual Recognition Agreements (MRAs) are another central element of the TEP. The TEP begins with the mutual recognition of testing and approval procedures. E.g. an EU-based exporter can use US based testing procedures in the EU for products it wants to export to the US. One US NGO expressed its 'deep reservations' because it will lead to lower health, safety and environmental standards in both the US and the EU. The starting point for MRAs is usually the lowest common denominator which both parties will be forced to accept. In fact MRAs were also the major instrument in the construction of the European Single Market in the 1980s. This was already in the TABD: 'national regulatory regimes can act as de facto trade barriers, denying foreign access to a national economy. ' Next on the TABD's wish list was an EU-US MRA on chemicals, including biotechnology in the agri-food sector. The TABD's biotech initiative, led by Unilever and Monsanto, brought together EU and US gene technology companies to 'identify potential causes for trade difficulties and propose ways to eliminate them.' TABD members (US and EU captains of industry, government ministers, commissioners etc) conduct their dialogue in numerous separate issue groups. Each issue group has a link with the Commission. It has no formal, juridical existence, but it clearly influenced the NTM and its successor the TEP.

Pillars of TEP:

- bilateral trade and investment liberalisation
- closer EU-US co-operation in setting the WTO's agenda
- inviting non-governmental organisations to participate.

This last overture came very late in the game, after TABD had run for three years and TEP had been shaped in full detail. It also came at a time when governments were facing strong opposition to their liberalisation agendas, e.g. opposition to the OECD's MAI and the refusal of the US Congress to grant president Clinton fast-track negotiating powers for US trade policy. These 'dialogues' so late in the day may be seen as 'greenwashing' the TEP.:

- the labour dialogue (since April 1998),
- Dialogue on sustainable development (June 1997). The co-ordinator is European Partners for the Environment, set up by the EU Environment Bureau and Dow Chemical in 1993. There is also the TAED (Transatlantic Environmental Dialogue), launched by NGOs (The European Environmental Bureau and the national Wildlife Fund were appointed by the Commission and the US government respectively to set it up.)
- The transatlantic Consumer dialogue, Sept. 1998

All of the dialoguing NGOs are taking a gamble by entering a pre-designed framework with an end-goal that lacks a democratic mandate, namely the end-goal of transatlantic 'free trade'. See p 107 for denigrating comments on the dialogues by TABD members, who are still in frequent 'almost daily' contact with Commissioners. The TABD's contacts are with none but the top players. A far-reaching corporate-state alliance has been allowed to evolve at the transatlantic level. Reining in the completely inappropriate powers which have been granted to corporate leaders may be one of the most essential struggles for reclaiming democracy.

12 (2nd case-study) MAlgalomania

The Multilateral Agreement on Investment was a child of the Paris-based OECD, an intergovernmental body consisting of 29 of the world's richest industrialised countries. It was designed as a benchmark for

negotiations on global investment rules. The EU has had a two-tier approach: OECD and WTO. Within the WTO there was fierce opposition to the EU's first offensive for the initiation of investment liberalisation negotiations. So the focus was shifted to OECD. 477 Of the world's 500 largest TNCs are based in OECD countries. An increasing percentage of corporate investment is flowing southwards, but southern countries still apply many protective regulations, and therefore a change was needed, according to the International Chamber of Commerce: *'Business needs the benefits of an international regime...'*

At the May 1995 ministerial conference the OECD decided to initiate negotiations on a MAI.

The MAI would have required countries to open all sectors of their economies and would have given TNCs the right to file complaints about national government policies in non-transparent international dispute settlement panels. Main elements:

1 A very broad definition of investment (also intellectual property rights, leases, mortgages and concessions on land and natural resources).

2 National treatment and *'most favoured nation status'* for foreign investors. Governments would have to treat foreign investors as well or better than domestic investors. E.g. Banning the construction of large shopping malls outside urban areas might be seen as *'de facto'* discrimination in favour of domestic retailers.

3 A ban on so-called *'performance requirements'* (to protect workers and communities)

4 No restrictions on capital flows in and out of countries (e.g. no *'speed bumps'* for foreign capital as there are in Chile and Malaysia)

5 strong and binding dispute settlement (TNCs would have the power to challenge local and national legislation)

6 locking in of investment liberalisation measures (MAI forbids signatory states to introduce laws reversing a once-established level of investment liberalisation).

7 a lock-in period of 20 years. Foreign investment would have remained covered for 20 years

At a very late stage social and environmental standards were tacked on. This was only window dressing, for the Commission opposed binding clauses *'that would erode business support...'*; and the TNC's *'equal access'* to markets and natural resources would not have been diminished.. E.g. If local companies had logging rights, TNCs would by extension enjoy the same.

However, the MAI ran into problems: both the US and the EU wanted exemptions, and soon country-specific exemptions grew to 1000 pages. Moreover the NGO community started lobbying against it., the EP criticised the process and the contents, and the media started to take notice Business support started dwindling. The ICC (Int. Chamber of Commerce) started concentrating on getting the rules it wanted in a higher tier, and turned to the WTO again. In December 1998 the secretariat of the OECD had to acknowledge that negotiations on MAI had been defeated.

The anti-MAI campaign was characterised by the sharing of information and strategies among an increasingly strong network of citizens. The Internet was an important factor. ('Network Guerilla'.)

Alternatives were formulated by civil society organisations and NGOs opposing the MAI:

- internationally binding codes of conduct for TNCs within the framework of the UN

- various policy options to reduce the economic dominance of large corporations and increase the economic diversity of local communities:

- reinvestment rules

- limits on company size to avoid unfair competition

- subsidies on local production for local use

- efficient taxation of corporate profits to ensure benefits for the local economy

- regulation of capital flows, etc

However, the political forces behind economic globalisation will try to reach their goal through other international fora, such as IMF, the UN conference on Trade and Development (UNCTAD), tTEP and above all the WTO.

13 (3rd case-study) The WTO Millennium Bug: Corporate control over Global Trade Politics.

In December 1993 the GATT ended after conclusion of the Uruguay round, and the WTO was installed. This does not only deal with tariffs and quotas but also with non-tariff barriers, e.g. health and environmental standards, and with any regulations that might obstruct the *'free flow of goods'*. Despite its outwardly

democratic appearance (130 members decide by consensus) it is very undemocratic and opaque. Southern countries have very little say, due to lack of resources, discussions behind closed doors between the most powerful countries and very strong pressure from the US and EU who prepare their common positions bilaterally in the TEP (see above, 10 and 11) or Quad. They shape the world economy almost exclusively to suit the interests of TNCs from industrialised countries..

The WTO's sharpest teeth are its **dispute settlement body** and its cross-retaliation (= hitting back) provisions to force nations to comply with WTO rules. If the panel (composed of unelected bureaucrats) finds a government guilty of non-compliance with WTO agreements, the offending country must change its legislation or face retaliatory trade sanctions, even in sectors unrelated to the dispute. The offending country may also face fines, which are much harder to pay for poor than for rich countries. In the first four years there have been 177 cases – most were settled outside the WTO dispute settlement body, 18 were settled by a binding panel decision, and 18 are currently being examined.

Two case studies:

Beef

In May 1997 a three-person WTO dispute settlement panel ruled that a nine-year ban imposed by the EU on hormone-treated beef was illegal under WTO rules. The ruling overruled an important consumer health law and caused outrage throughout Europe. In 1995 90% of US cattle were treated with some kind of growth hormone, most of which are produced by Monsanto, which has re-styled itself into a 'life science' corporation. In 1989 the EU, applying the precautionary principle ('better be safe than sorry'), deemed safety claims by the US unconvincing and imposed a ban on hormone-treated beef and milk. In spite of pressure from industry in the EU and the US the Commission decided not to lift its ban, supported by a growing body of evidence linking certain hormones to a growing incidence of cancer. In 1995 this was the first ruling based on a three-year-old WTO agreement known as the Sanitary and Phytosanitary Agreement. This required that restrictions be based on scientific evidence, and accepts internationally agreed standards, such as those decided within the UN system, e.g. the FAO. The UN declared the hormones to be safe and the WTO ruled that the ban should be lifted. This ruling sets a precedent, and Brazil now challenges the EU's regulatory regime on poultry imports.

Massachusetts – Burma: Human Rights objectives overruled.

In the US individual states and communities have long expressed their political leanings through the enactment of 'selective purchasing laws'. E.g. since 1996 Massachusetts has imposed a 10% penalty on goods and services provided by companies with financial interests in Myanmar (Burma). The national Foreign Trade Council, which later created a sort of front office called 'USA Engage', took the state of M to court over the law. In the EU the Commission was pressured by Siemens, Ericsson and Unilever to back this. The EU and Japan requested a dispute panel in 1998, but the EU suspended it in 1999 (perhaps because of the bitter US –EU banana war). In 1998 the EU Parliament criticised the Commission and urged it to put an end to all trade, tourism and investment in Myanmar. The case was dropped.

Large corporations have been made the main beneficiaries of WTO agreements.

This was prepared during the 7-year Uruguay round (86-73), mostly by lobbying by US corporations. The EU industry also launched a serious lobbying effort, but only when negotiations came to a deadlock over the agreement on agriculture. (1992?)

Two case-studies:

TRIPS (= Trade-related aspects of Intellectual Property Rights) grant corporations the right to protect their 'Intellectual Property' in all WTO countries. This forces WTO member states to apply minimum standards in 7 areas of intellectual property, including copyright and trademark protection, patents and industrial designs. The fundamental imbalance is that Southern countries possess very little intellectual property, and they do not have the resources to develop this sector in the near future. They do, however, contain most of the world's bio-diversity from which many pharmaceutical and agricultural patents are derived. Calculations show that 80% of patents for technology and products in Southern countries are held by TNCs. The imbalance prompted some southern countries to fiercely oppose all forms of life-form patenting during the TRIPs negotiations. The compromise result was a so-called 'bio-diversity provision' in the TRIPs agreement, which allows countries to exclude plants and animals from patentability under the condition that they develop a similar system of protection (the so-called 'sui generis' system). Industry however is lobbying heavily to resist any weakening of their rights, and wants to make it impossible to exclude life-forms from

patent law. If they are successful Southern countries' control over their biological resources will be further weakened.

Financial Services Agreement

In 1997 three new agreements were signed: one dismantled tariffs in trade in information technology products, another did the same in the telecommunications sector, and in December 1997 the agreement on the liberalisation of the financial services sector was signed, including banking and insurance. All three of them 'jewels in the WTO crown', as Sir Leon Brittan said.

This agreement will remove many obstacles for corporations wanting to enter 'emerging markets' (developing countries). It has been signed by 70 member countries and it is predicted that it will liberalise over 90% of the world financial market. The EU officials now took the lead, travelling especially to Asian countries. The role of the Financial Leaders Group (FLG, the international financial industry) was to identify 'barriers to trade'. It got the enthusiastic support of the EU Trade Commissioner. Negotiators from the 'emerging markets' were less enthusiastic. The prospect of services companies from the south competing in the north is illusory, it will be the other way round. When the southern countries signed on it was in the hope of attracting investment and financing. The North argues that it will make the finance industry in the south more efficient by creating competition. But it is very likely that jobs will be lost as local banks are swallowed up by the north.

The Millennium Round

After the 1999 ministerial in Seattle the EU Commission (spurred on by Brittan) launched a new round, the Millennium Round. Apart from the issues in the WTO's 'built in' agenda (agriculture, intellectual property rights and services) the Commission has also proposed negotiations on investment, public procurement (Du. aanbesteding), competition policy and other areas. Martin Khor, of Third World Network, has pointed out that the EU's motive for a WTO agreement on competition policy is not to limit corporate concentration on a global scale. On the contrary, it hopes to dismantle barriers faced by Northern TNCs, such as laws or policies that favour local firms. E.g. on the issue of government procurement it would mean that foreign corporations must be given the same (or better) opportunities to win contracts as locals. If they feel discriminated against these companies can enlist the help of the dispute settlement body. In many southern countries government procurement contracts cover 20 to 30 % of the total GDP. This is often the only way in which Southern companies can compete against larger Northern corporations. WTO rules are presented as necessary for the creation of a 'level playing field'. In reality however it will lead to the extinction of smaller local producers.

After lessons learned from the opposition to the MAI the Commission began to outreach to NGOs: a charm offensive. It presented a vague document during a meeting in January 1999, but a leaked document that had already been discussed in the Council of Ministers' 133 committee * (for external trade) on the same subject was not vague: it included nearly all of the elements that had provoked major opposition to the MAI. Moreover it transpired that the Commission had at the same time been negotiating with the IN (Investment Network, 50 corporations), surveyed 2000 European businessmen to get a picture of their ideas, and encouraged the European corporations in the services sector to set up a European Services Network (ESN)

After the MAI failure, industry refrains from opposing social and environmental clauses in the WTO. Brittan even called for Multilateral Environment Agreements (MEAs) and eco-labelling and the precautionary principle. Many of these demands however have been rejected by southern governments, who fear such instruments would only promote Northern interests.

The ERT and TABD and especially the ICC (International Chamber of Commerce, the grouping with the closest links with the WTO secretariat) are still lobbying heavily both in intergovernmental organisations and in national committees. The 'revolving door' between the WTO, EU institutions and industry ensures that key individuals such as Arthur Dunkel are able to maintain tight links between the three. (Dunkel headed the ICC working group on Trade and Investment, had been Director General of the Gatt during the Uruguay Round, and is also a registered WTO dispute panellist.)

However, after a few years' experience within the WTO system opposition in Southern countries is growing, and NGOs are demanding a moratorium on any new issues.

III PLANET INC.

In the 1990s we have also seen increased corporate campaigning on the global level. International institutions, esp. UN, were the targets. Structures like the Bilderberg Group, the Trilateral Commission and the World Economic Forum have been critical catalysts. Another one is the WBCSD (World Business Council for Sustainable Development), which has been successful in promoting global market liberalisation and self-regulation instead of government intervention. It has forged close ties with e.g. the UN and left its (unsustainable) mark on both the Rio Earth Summit and the 1997 Kyoto Climate Convention. Generally, business coalitions are pushing for the same 'solution', namely voluntary action by industry as opposed to government regulation, and market-led initiatives to avoid reduction commitments. Other binding measures are denounced as a threat to competitiveness, the cause of unemployment, and even economic collapse. The most effective global business organisation is the ICC (Int. Chamber of Commerce, see above). Its current designs lie in the penetration of the UN system., which is undergoing an ideological transformation. The UN recently entered into partnership with the ICC, and, along with UNCTAD and UNDP, has embarked upon highly controversial projects.

Further details about the three groups mentioned above:

The Bilderberg Group. Its first meeting 1954 in Hotel Bilderberg in Oosterbeek, the Netherlands, was paid for by Unilever and the CIA. It covered issues ranging from the Communist Threat to Third World Development and European integration.

Today, about 120 global elite from North America and Europe meet annually. According to a former delegate the consensus reached each year at the World Economic Forum in February, at the Bilderberg Conference and the G8 meetings in April/May, and at the IMF/World Bank in September, becomes the background for G8 communiqués, for the IMF programmes and for the President's proposals to congress.. *'A kind of international consensus emerges and is carried over from one meeting to the next. But No one is really leading it.'* Details of the Bilderberg discussions are extremely hard to come by.

The Trilateral Commission

In 1973, members of the Bilderberg Group set up the Trilateral Commission which describes itself as *'335 distinguished individuals from Europe, north America and Japan'*. David Rockefeller was the driving force behind it. It was an attempt to create a more formal, efficient structure than the nebulous Bilderberg Group. During that same period Rockefeller also chaired the Council on Foreign Relations, an influential US Think-Tank of several thousand members. The corporate membership of the Trilateral Commission comprises the heads or deputy heads of giant transnational firms and banks, as well as agribusiness and trading companies. Members can borrow funds at cheaper rates than weaker competitors.

The World Economic Forum

Annual meeting in Davos, Switzerland. 1000 Top business leaders, 250 political leaders, 250 academic experts and 250 media leaders come together to shape the global agenda. *A 'unique atmosphere' is created which facilitates 'literally thousands of private discussions, business opportunities, progressing on international relations, and forging global partnerships and alliances'.*

In 1999 the atmosphere was more sombre than in the preceding years. The global financial crisis had rocked governments and investors and several people suggested a new financial architecture and socially responsible investing. The change of tune was certainly catalysed by the growing discontent made tangible by many protesters and the Swiss riot police wielding plastic shields.

16 the WBCSD (World Business Council for Sustainable Development.)

It was the first corporate lobbying group to forge an institutionalised partnership with the United Nations, and consists of some of the world's most polluting companies.

Many NGOs felt that the 1992 Earth Summit in Rio was ultimately 'hijacked' by the industry lobby, organised primarily within the vocal Business Council for Sustainable Development. Industry was heralded as the new partner of the UN in its quest for sustainable development. In 1995 the BCSD merged with World Industry Council for Development and became the WBCSD. Members (50.000 dollars a year) are mainly mining and oil and agribusiness companies. It promotes environmental protection through economic growth, self-regulation and unencumbered markets. Its solution is eco-efficiency: waste and energy use reduction during the production phase. This eco-efficiency can increase competitiveness without reducing public consumption levels and overall sales. In its glossy report released at Earth Summit II a collection of minor environmental successes from selected member companies are described but overall results are missing. At the meeting Annan called on governments to stimulate corporate foreign investment in Southern countries. The organisation also publishes joint reports with UNEP (UN Environmental Programme) and UNCTAD. It has successfully lobbied for the adoption of several business-friendly 'solutions' to global warming, including tradable emission permits etc. (see ch. 17). The president defends 'self-regulation' by industry. For image reasons a corporate social responsibility (Du. Maatschappelijk Verantwoord Ondernemen) working group was set up, chaired by Rio into and Shell. They have also set up stakeholder dialogues. Underneath however WBCSD is virtually indistinguishable from any other corporate group seeking new markets.

17 Climate change

Long before Kyoto the lobbies had been threatening economic disaster and loss of employment if climate commitments were adopted. The solutions they claimed lay in voluntary agreements and an unimpeded free market leading to improved technology. In the Kyoto Protocol international climate negotiations have been transformed into trade agreements which grant Northern countries and their companies the right to pollute through the increased use of market-based 'solutions'. Years of negotiations have resulted in a mere 39 industrialised countries agreeing to a pitifully low collective reduction of 5.2 % by 2012. In fact a reduction of 60% is needed before 2050. In the Kyoto Protocol greenhouse gases are turned into a commodity which can be traded.

The Kyoto 'solutions' are:

Emissions trading, e.g. the dismantling of inefficient Soviet industries has already led to a drop of more than 30% in CO₂ emissions. Under emissions trading this reduction could be 'bought' by an industrialised country which could increase its own emissions proportionately.

Joint implementation involves the trading of 'emission reduction units' obtained in special projects aimed at reducing greenhouse gas emissions among industrialised countries. CDM (Clean Development Mechanism) is the same thing between an industrialised country and a developing country which will supposedly transfer funds and technology to southern countries but it also permits TNCs to evade their own responsibilities and dump reduction burdens on the Third World. Since the introduction of these solutions in 1997 the climate negotiations have been deadlocked around the implementation of these solutions rather than addressing the insufficiency of the commitments. There are arguments about the ceiling of the reductions to be achieved 'abroad', and the avoidance of measures 'at home'.

Samples of the workings of the 'climate disruptors club':

The US is responsible for 25% of the world's greenhouse gas emissions. The most outspoken US-based lobby group is the Global Climate Coalition (GCC). It was created in 1999 by Burson-Marsteller (lobby-group, see above). Members are mainly oil and mining companies. Over the past years GCC has waged an extensive multimillion-dollar disinformation campaign. Its tactics have included creating public scepticism through scientifically dubious glossy reports and promoting sceptical scientists to sow confusion about the existence of climate change. The sceptics were paid well for speaking tours across the nation and promoting their media appearances. The GCC has campaigned against the relatively more progressive climate policies as a deliberate attack on the US economy. The BRT (Business Roundtable) joined the chorus and gave large donations to the Democratic party. Pres. Clinton's policies neatly mirrored the BRT viewpoints. Other groups are the Global Climate Information Group, which includes including mining trade unions and is run by PR firm Shandwick, and ICE (Information Council for the Environment) which includes the national coal association and is run by PR firm Bracy Williams. This PR firm put 500.000 dollars into an advertising blitz to *'reposition global warming as theory (not fact)'*. One of its members, coal company

Western Fuel Association, produced its own 250.000 dollar video, the Greening of Planet Earth, which argues that one benefit of climate change would be an extended growing season. Northern TNCs cautioned southern countries that they would lose northern investment if binding targets were adopted at the upcoming Kyoto conference. On the home-front the message is that commitments will mean massive job losses and reduced economic growth due to industry's forced relocation to less-regulated countries.

International lobbying

The WBCSD (see above) and the ICC together organised an International Conference on Business Initiatives for Mitigating Climate Change in Kyoto, where it was stated that the Clean Development Mechanism (see above) was the most promising solution to the climate crisis. This is not surprising, as it will enable TNCs to win new markets in Southern countries. The WBCSD co-operates closely with UNCTAD and the World Bank. Some of their activities can be said to mitigate climate change, but the proposals never go beyond those that are profitable for industry. The ICC (see ch. 18) , probably the most powerful lobby group on earth with enormous resources, has similar strategies and demands.

In the EU

In the EU environmental policies are generally higher on the agenda. In some countries energy taxes have even been introduced on a limited scale. Therefore a subtler approach is needed for the European lobby groups such as ERT, UNICE and CEFIC (chemical industry federation). They have promoted voluntary action and technological improvements. CEFIC has initiated a special mission to prevent HFCs (hydro-fluorocarbonate compounds) from being included in the Kyoto agreement, although alternatives are currently available. They proposed leakage reductions and efficiency improvements rather than a phase-out. However, in the end the Kyoto protocol included the HFCs in the basket of gases to be reduced. The three major European lobby groups mentioned above all oppose a Europe-wide energy tax. The most recent move, a watered-down compromise known as the Monti Proposal was surprisingly rejected in the EP by a coalition of conservatives and New Labour MEPs in 1998. Ironically, a recent Parliament resolution states that this proposal would not even be sufficient to achieve Kyoto's greenhouse gas reductions. Without a CO₂ / energy tax the EU's commitments seem impossible. Moreover the TENs alone (see above) are predicted to increase CO₂ emissions by the transport sector from 15 to 18 %, and newly liberalised energy markets will reduce energy prices and consequently increase consumption and CO₂ emissions. The ERT's (European Round Table) 'Environmental Watchdog Group' issued a glossy report for Kyoto in which a number of factories are presented where member corporations have invested in new technology and reduced CO₂ emissions. However, overall figures on the status of global CO₂ emissions by the TNCs united in the ERT are suspiciously absent. The report recommends technological development, joint implementation and tradable emissions as the way forward. It also concludes that the market should '*enable the use of nuclear power as a source of carbon-free energy*'. The nuclear industry has its own lobby groups. By institutionalising the Clean Development Mechanism (CDM) the Kyoto Protocol breathed new life into the future of European Nuclear companies. The nuclear lobby promptly registered more than 150 lobbyists at the Buenos Aires Climate Summit. However, nuclear power indirectly causes enormous CO₂ emissions through energy-intensive activities such as the construction and decommissioning of reactors, the extraction, processing, transport and reprocessing of fuel, and the storage and treatment of waste. It is the least cost-effective and most dangerous way of producing electricity.

The UN's warming towards the corporate world is an important achievement, mainly for the ICC (International Chamber of Commerce). ICC president Maucher (Nestlé and ERT) called for both a strengthened WTO and an overhaul of the UN structure to facilitate the stronger involvement of business. A global framework for cross-border investment and world-wide business activities was the central theme of the Geneva Business Dialogue (ICC and UN) in 1998. It was the ICC's attempt to take the reins in the debate about the regulation of the global economy. It pleaded for granting more regulatory powers to the UN and the WTO, because there was 'inadequate co-ordination' until then. Practical co-operation between business and UN agencies like UNCTAD and UNDP are now routine. The ICC have written guidelines to assist Less Developed Countries in attracting corporations , '*because they have liberalised their economies yet still receive little foreign investment*'.

UNCTAD was sharply criticised for 'losing its direction and spirit' by NGOs. NGOs criticised several specific UNCTAD projects, for example one on bio-trade which facilitates 'transnational corporations making deals on access to biodiversity resources with developing countries'.

In March 1999 a coalition of campaign groups challenged what is probably the most ambitious project between the UN and business: The Global Sustainable Development Facility. (GSDF). According to leaked documents the proposed document, set up by UNDP, a development organisation, aims to '*eradicate poverty, create sustainable economic growth and allow the private sector to prosper through the inclusion of two billion new people in the global economy*' by the year 2020. The nickname of the project is 2B2M-2020 (two billion to the market by 2020). 20 Corporations (mining, oil, agribusiness) are charged 50.000 dollars participation fee for the GSDF. They will be granted access to UNDP offices in 135 developing countries. Through their co-operation with the UN 'corporations will gain valuable insights into local conditions, key priorities and issues in developing countries, which will help them shape corporate strategies and products for these emerging markets'. The UNDP is proud of the co-operation, though campaign groups have protested.

Maucher, head of ICC, prioritised a heightened emphasis on media outreach and on lobbying: '*Governments have to understand that business is not just another pressure group but a resource that will help them set the right rules.*' Joint statement of the Geneva Business Dialogue (ICC and UN) in 1998: '*Business has a strong interest in multilateral co-operation, including standard-setting through the UN and other intergovernmental institutions on the environment and other global issues*'.

This co-operation will hinder the historic role of the UN in promoting the interests of Third World people and civil society movements. And it offers legitimacy: US Journal of Commerce: 'the UN's name offers a highly desirable endorsement in a brand-crazy world'.

According to a UN recent leaflet 'Building a stronger relationship with the business community is part of Kofi Annan's 'quiet revolution' to renew the UN for the 21st century.' *The ICC seems to have emerged as the preferred business partner*'. But what is in this partnership for the UN?

- 1 to regain a central position in global policy making (this had gone to the world Bank and IMF)
- 2 to change the UN's image, which especially in the US is seen as weak and bureaucratic
- 3 the ICC has already returned some favours by asking G8 leaders for new funding for the UN.

The UN's embrace of the free market world view was presented thus at the 1999 World Economic Forum in Davos: '*a global market....with a human face*'.

Until 1993 the UN had a Centre on Transnational Corporations (UNCTC) which had the mandate to develop a code of conduct for TNCs. Corporations were extremely hostile to the UNCTC, which developed environmental guidelines and promoted the South Africa boycott during apartheid. In 1993 it was dismantled and UNCTAD became the new focal point for regulatory work on TNCs. The UNCTAD however has not addressed the regulation of TNC activities. In fact UN work on a code of conduct for TNCs has stopped entirely.

Maucher (Nestlé and ERT, later ICC) is continually quarrelling with NGOs. He doesn't believe protesters are volunteers and wonders how they are financed. He emphasises the difference between 'responsible NGOs' and 'activist pressure groups'. The ICC suggested to Tony Blair at the the G8 to 'weed out' certain NGOs. The fundamental question however is of course whether or not corporations should shape the rules or leave that to democratically elected bodies in co-operation with civil society.

IV Challenging Corporate Power (p.175)

The potent cocktail of economic and political power wielded by mega-corporations is a serious matter which merits urgent attention in the political debate. The democratic gap in EU politics is fertile ground for corporate lobbying. Wealthy corporations have the means to set up well-staffed offices in Brussels and to hire external consultants and PR agencies. This enables them to keep track of the relevant details and position lobbyists where they can best influence decision making. By contrast, European-level umbrella NGOs are often underdeveloped, disconnected and lacking in resources.

Furthermore top managers often have privileged access to the Commission, which sees them as a natural constituency. These cosy connections are deeply undemocratic and must be challenged.

The first step would be: obligations for reporting the political activities of corporations. The conclusion of 'Ending Corporate Secrecy' (by Corporate Europe Observatory) is that there is little or no transparency about the political activities and the resources spent on lobbying, and no willingness to agree voluntarily to transparency and accountability. This secrecy is not legitimate. The European Parliament is gradually strengthening provisions in this field, but progress is painfully slow and the result insufficient. Since 1999 there is a list of lobbyists active in the EP but it is merely a list of names and contains no details about who the lobbyists represent nor what their business entails. MEPs are now required to submit details about extracurricular employment and about financial and other support received from outsiders, but many MEPs submitted nothing. Rules in the US under the Lobbying Disclosure Act are much stricter, which has not reduced the lobbying in the US but it has increased the transparency. Still, the rules for the EP are better than those for the Commission or the Council. In those departments there are the 'Access to Information' rules, but requests are met with unpredictable and often unreliable responses.

Governments should have more power for they are more likely to take the lead in progressive market regulation, pressured by civil society.

Turning the tide would begin with a restriction of the power of TNCs. Steps in that directions:

- 1 Gaining genuine democratic control over finance. Realistic proposals already exist, such as taxes on international financial transactions, stringent restrictions on short-term speculative capital flows, and international action to combat corporate tax evasion. The regulation of corporate investment is equally crucial. This could happen through the restriction of access in the case of natural resource exploitation, or by imposing performance requirements by the affected communities (job creation, use of local suppliers, environmental standards, etc.)
- 2 Rebuilding of local economies through the introduction of community reinvestment legislation, and with public investment in essential services. Local communities are rediscovering ways to disempower TNC's, at the very least by withholding them profits (LETS system, local exchange and trade schemes), but also credit unions, Community Supported Agriculture programmes, etc.
- 3 ethical consumption, shareholders actions etc.
- 4 campaigns against corporate misbehaviour, e.g. the campaign to pressure corporations to leave the controversial GCC (Global Climate Coalition).

The old 1960 slogan 'think globally, act locally' is no longer sufficient: civil society should think and act both locally and globally at the same time, ultimately to dismantle the macro-structures of corporate political power. The increased use of the Internet facilitates a new model of co-operation (see the campaign against the MAI). There are inspiring examples of local people who have challenged corporations: Indians farmers, British people protesting against roadbuilding and against GMO crops, etc. As people all over the world continue to reject the corporate agenda, its powerful grasp on people's work, communities and lives will begin to crumble.

(Now follows the first chapter, the **introduction to the second edition**, which in fact deals with 2000 and 2001) Since the first edition of the book in the summer of 1999 there have been several grassroots movements, such as the demonstrations at Seattle in November 1999 which meant the end of the Millennium Round. In November 2001 a new round of negotiations was launched (the Doha round) at the Ministerial conference at Doha, Qatar. Protesters were not allowed, and demonstrations in more than 30 cities were largely ignored by the media. All the parties had been massaged intensively by Pascal Lamy and others before the conference. Lamy had first been a director of the French bank Crédit Lyonnais, then Trade Commissioner, and ended up as head of the WTO. Although he was a member of the French Socialist Party he was a worthy successor of neo-liberal Sir Leon Brittan. The EC launched a charm-offensive towards civil society, but in reality the 'dialogue' has been very superficial since the fundamental nature of the EU's international trade agenda is not up for discussion.

WTO negotiations on services began in February 2000. This is defined very broadly: transport, energy, tourism, and even health and education. The ESF (European Services Forum) consists of banks, insurance companies and many other corporations within the services sector. The ESF did not get all it asked for, however. The Nice Treaty maintains national veto power for agriculture, investment, and also for certain

services sectors. Business has re-launched a campaign however to grant the Commission unlimited negotiating power. It is focusing its efforts on the European Convention.

In Johannesburg (August-September 2002) the EU pressed the summit to endorse the Doha Round.

Corporate lobby groups invested heavily in the Rio+10 process to consolidate government support for 'free-market environmentalism'. Unfortunately the RIO+10 Summit failed spectacularly, with governments making no significant progress on key social and environmental issues. Instead they chose to award TNCs a central role in the implementation of 'sustainable development'. (The 'partnership' hype. But voluntary codes of conduct are no substitute for mandatory and enforceable rules.)

By the escalating militarisation of international relations the US is taking the process of corporate globalisation to yet another level of brutality. This will lead to higher levels of global discontent.

* article 133 of the Maastricht Treaty (1991) gives the EU Commission competence to negotiate on behalf of the member states in matters concerning international trade in goods. In the draft treaty for the Dublin summit (Dec 1996) extension of article 133 was proposed to trade in services, intellectual property and public procurement. But due to national resistance, notably from Chirac, this was not accepted, and such deals must still be ratified by the Council of Ministers and by all 15 EU countries. (This was seen as a failure, although in practice the Council will usually follow the Commission's proposals.)

In Amsterdam (1997) Institutional and financial reforms such as article 133 were discussed again but not agreed upon. UNICE had wanted the Commission to gain the full competence to negotiate international agreements on services and intellectual property – otherwise the vetoes that are now possible would automatically extend to the new countries. After the inconclusive outcome of Amsterdam business focussed its efforts on the European Convention.

Article 133 committee (formerly article 113 committee) is the committee in which EU member states formulate trade policies. In practice however the Commission negotiates for its members states in bodies like the WTO. The committee consists of trade officials from member states and commission representatives. The bulk of the EU's decisions are made in this powerful committee. Only major or controversial issues are brought before the EU foreign trade ministers (see p. 93 in the book). The EP doesn't have much to say and the national parliaments don't know what's going on and have limited awareness of trade and investment decisions.

Treaties:

Maastricht Treaty, 1991 TENS, convergence criteria (ch. 6)

Amsterdam 1997: Single Market Action Plan, EMU, Stability and Growth Pact. (ch. 6, competitiveness, enlargement etc)