

THE RICH PRESSURISE THE POOR

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Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition will present short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.

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UNEQUAL PARTNERS

The WTO negotiations -- also known as the Doha 'Development' Round of trade talks -- have stalled. But the world's poorest countries remain under pressure to open up their markets with potentially disastrous consequences.

These negotiations were meant to 'make trade fair', but they were blocked by the U.S. and the European Union, unwilling to address the rigged rules and double standards from which they benefit. The EU wants to forge new free trade agreements with 75 of its former colonies in Africa, the Caribbean, and the Pacific (ACP). These imbalanced negotiations of 'Economic Partnership Agreements' between the two regions, pit some of the world's most advanced industrial economies against some of the poorest nations on earth, Oxfam International points out in a briefing paper.

In addition, the ACP countries are split into six small groups for the negotiations; the smallest group, the Pacific Islands, is negotiating a trade agreement with an economic giant more than 1400 times its size. The EU has an opportunity to develop fairer trading relations with ACP countries, but such extreme disparities in negotiating power could all too easily produce unfair results, and Oxfam fears that the future development of the ACP countries may be jeopardised by the EU's tactics.

Far more is at stake for the ACP than for Europe. Nearly half (41 per cent) of ACP exports go to Europe, but ACP trade is merely small change for the giant European economy. Yet there is every sign that Europe is playing hardball in these negotiations, putting commercial self-interest before development needs. In addition, there is a wider concern that EPAs could undermine multilateralism.

Under the proposed EPAs:

- farmers and producers in many of the world's poorest countries will be forced into direct and unfair competition with efficient and highly subsidised EU producers;
- regional integration amongst ACP countries will be severely undermined;
- ACP governments will lose substantial revenue along with many of the policy tools they need to support economic and social development.

Last month the EU and ACP started their mid-term review of the EPA negotiations, a formal exercise scheduled when the EPA process was launched in 2002. The review provides a real opportunity for ACP governments -- and the EU -- to fully consider the development implications of the current EPA proposals and trends, and to re-focus efforts on putting together a pro-development trade agreement in conformity with the Cotonou Agreement.

The proposed EPAs are a serious threat to the future development prospects of ACP countries. - **Jaya Ramachandran**

NEW POSSIBILITIES MAY BE ON THE HORIZON - I

Gyeke Tanoh, Convener of the National Coalition Against Privatisation in Ghana, said in an interview with IPS Europe / Voices of the South on Globalization during a visit to Germany:

The stalling of the WTO negotiations represents a number of different possibilities for ACP countries and for Ghana. We know that the ACP countries had very little input into what led to the current deadlock, but nonetheless it represents two things at least.

The first is that it gives some leeway in terms of time for ACP countries and for countries like Ghana to rethink their strategies and approaches within their WTO, reaffirm some of the alliances and relationships they have and perhaps begin to reverse some of the rollback they have suffered particularly since Hong Kong.

In the case of Ghana the rollback refers to some of the issues around the GATT trade and services . . . and also in the non-agricultural market access issues where certain developing countries even though they are not necessarily bound to cut the tariffs at the same rate as the industrialized countries.

But at the same time they are compelled to bring all their tariffs under WTO agreements and also in any case to register. Given industrialization challenges, given the fact that we are in a period of actual de-industrialization because of liberalisation, because of tariff reductions and so on, I think this gives us a chance to find a common ground between different layers of ACP, between LDCs, between the countries that are most industrialised, between the middle belt.

But I also think that the stalling gives a chance for the issues on the EPA, on the Economic Partnership Agreements and on similar bilaterals to become more intense. . . . It is important to link the WTO and EPAs but also to differentiate them. Unlike the WTO, EPAs are not about tariff reduction, they are about tariff elimination.

Note: The EPA negotiations are being conducted between the 25 EU countries, which have a combined GDP of 13,300 billion dollars, and six groups of African, Caribbean, and Pacific countries. Among these ACP countries are 39 of the world's 50 Least Developed Countries (LDCs).

The smallest group, the Pacific Islands, has a combined GDP of only 9 billion dollars -- 1,400 times smaller than the EU's. Even the largest group, the West Africa region, is more than 80 times smaller than the EU in terms of GDP. Given these vast inequalities, it is not hard to see where the power lies. ☑

Kingsley Ofei-Nkansah, Deputy General Secretary of the General Agricultural Workers' Union of the Ghana Trade Union Congress (TUC) told IPS Europe / Voices of the South on Globalization during a visit to Germany:

I think that the stalling of the WTO negotiations actually gives ACP countries a chance to rethink about its location and its importance. In many respects it also gives the ACP countries a chance to give closer attention to what is happening in the EP agreement negotiation because in many respects what the EU and other powers are not able to get in the WTO negotiation are free trade agreements that they are negotiating bilaterally. This is something that ACP countries have to be mindful of..

If we take a country like Ghana it is important for us to use the stalling of the negotiations on a multilateral level to do some more thinking within the country because a year ago we came out with a national trade policy document which in many respects contains a number of contradictions we are not happy about. So when the negotiations stall in this manner it gives us a chance to do some more critical analysis.

The Ghanaian trade union congress is working at different levels: on general economic issues and trade issues. With regard to the general economic issues, the Ghanaian trade union congress is a member of the Economic Justice network and in this new network we are trying to bring all the forces, different sources and organisations together to constitute a serious collective, a combined force to engage on economic issues. That is an important dimension.

Another thing we are doing is to input into the formulation of national budget. That is quite normal and not new; what maybe new is the manner in which it is going about, it is trying to get many more people included in the processes of engaging on the issues because we actually believe that eventually if we are getting economic justice it will be because we will be able to mobilize large sections of the population in order to be part of the process. In regard to trade the Ghanaian TUC has a national trade committee which collaborates with other services within the country but also has been active in developing a sub-regional working group on trade and development which involves trade unionist of six West African countries: Benin, Nigeria, Mali, Senegal, Cote d'Ivoire and Ghana.

The new Partnership Agreement between the ACP countries and the EU negotiated in February 2000 only managed to offer a large dose of rhetorical principles without addressing the decades-old structural impediments to food security in the ACP countries. They hold within their national territories the majority of the poorest and the hungriest people in the world today. ☑

NEW POSSIBILITIES MAY BE ON THE HORIZON - II

Tendai Makwavarara, a Zimbabwean economist with special interest in trade policies and their impact on poverty said in an interview with IPS Europe / Voices of the South on Globalization during a visit to Germany:



When I look at the meaning of stalling of WTO negotiations I reflect on them as political issues, one being that the stalling reflects serious issues of contention within the WTO framework of negotiation process itself and it also really seriously races the question of the WTO compatibility.

Secondly I think the stalling also gives Zimbabwe a chance to reflect on the WTO and its role in trade and development issues at the national level, the regional level and the international level. I also feel that the stalling of WTO negotiations provided the EU more or less with a scapegoat in term of issues like reforming article 24, in terms of looking forward for a waiver because it now has more or less the excuse "oh, we can't do that because negotiation have been stalled for the moment."

Article 24 in the GATT agreement of the WTO basically provides the framework for the negotiating process at the bilateral level in terms of formation of the free trade areas, and the talks about one the need to liberalize substantially all trade. It also speaks about the transition period in which this liberalization should be undertaken. But it is slightly vague.

There has been some debate on whether ACP countries can use that close to kind of reframe it and make it a bit flexible in terms of the time period to buy more time in term of the liberalization process as also identify what they call substantially all trade in a way that is more development friendly and not vice versa.

I think it is also a reflection of the power dynamics within the WTO framework -- more or less. I sometimes look at it and feel as Zimbabwean I and say: "Oh! This time a round of negotiations is stalled because ACP countries have risen to the challenge and have stated clearly what they want and now because the developed countries don't think we should have this thing negotiations are stalled. And I wonder whether they would have been stalled if it had been the other way round. ☑

Douglas Kivumbi (Uganda) works with the Southern and Eastern Trade Information and Negotiations Institute (SEATINI). He told IPS Europe / Voices of the South on Globalization during a visit to Germany:

The stalling of WTO negotiations basically brings about three issues to my mind. One is the fact that in most developing countries who are known part of the whole process -- and I think it gives room for everyone both developing countries and developed countries treating this whole notion of the regional negotiations -- I mean, who is involved and who is not, because by the time the DG announced that the negotiations will be put on hold you knew that it was basically a decision taken among just a few of the countries. So I believe it also gives a time to do everything of exactly should even a smaller country be involved.

So somehow of course I would not say it is very positive but, at least, it gives a room for everyone or every member to rethink of the issue who should be involved and in what capacity. At the same time, it also brings another issue into question of exactly the time, the dead lines, putting negotiations to just deadlines, because if you look back at the way it was being done right from Hong Kong, this set times for negotiations to end but I think that there are more important issues than just beating time lines.

Because of course the number of main important issues developing countries have put forward has been ignored over and over again and then it all comes to just negotiations between the big powers. But still, it goes about to reflect the issue of how the bigger countries are going into bilateral negotiations. Because, one, it might be an excuse for them to say well, now that the negotiations are stalled to whom to turn to.

For Uganda this time gives as time to really think through exactly what will this mean for a country like ours, as an LDC, that now that we have to go to bilateral negotiations for example a big power like the EU, so, it is basically a bit of a challenging area. But, of course, we would stand no ground if the negotiations want to be reopened at the WTO we have to look for bilateral negotiations now.

We have to keep in mind that although developed countries are anxious to open up markets for their products, they are jealously protecting their markets. Even under the Lome conventions, the EEC was more concerned about protecting their farmers as guaranteed under the Common Agricultural Policy (CAP) of the Treaty of Rome, than offering genuine market access to products from the ACP countries. Today the increasingly strict standards and the introduction of stricter food safety regulations in the EU and other developed countries, makes market access to these markets untenable. ☑

EU MOVE COULD BRING DISASTER TO THE POOR

The decision announced by the European Union to pursue bilateral trade deals in the absence of a comprehensive world trade agreement can mean disaster for poor countries. "Europe's policy needs to be clear: rejection of protectionism at home; activism in opening markets abroad," trade commissioner Peter Mandelson announced in Brussels Oct. 4.

The call to end protectionism at home is likely to lead to some rumblings within Europe, but the announcement really set off alarm bells among those seeking to protect the rights of people in developing countries.

The opening of markets bilaterally will mean that small and economically backward countries will have to take on the economic might of the EU while negotiating any deal. Few are expected to withstand EU pressures.

It is at least partly with the interest of such countries in mind that some of the leading developing nations like India and Brazil took a tough negotiating position at world trade talks. The principal reason that no deal emerged is that these powerful developing nations held on to their position, and stood firm in speaking for the poorer countries.

The EU declaration circumvents the stand taken by countries such as India and Brazil.

In stressing that the European Commission, the executive arm of the EU, would move towards "opening markets abroad", the EU has made it clear that the emphasis of the new policy will be on opening these markets to EU goods and services.

The EU will inevitably not just target the small countries, more vulnerable as they are. The EU is looking first at the two big markets in China and India, where the United States and Japan have moved ahead of the EU in working out bilateral trade agreements.

"It is a very sinister move," John Hilary, campaigns and policy director with the group War on Want told IPS in London. "It is a policy that is born of failure at the WTO, and so the EU is now trying to pick off individual countries one by one."

The EU has been signing partnership agreements with countries from Africa, the Caribbean and the Pacific region. Moves in those countries to open up their markets have been devastating to their economies.

"As shown by past experience, the blueprint for the future of EU 'competitiveness' will expose industrial and services markets in developing countries to direct competition with the world's largest multinationals, leading inevitably to bankruptcies and job losses as local firms struggle to survive," War on Want said in a statement.

It pointed to the examples of Senegal, which lost one third of all manufacturing jobs when forced to open up its markets, and Ghana, which lost two thirds of its manufacturing jobs within five years of market liberalisation. Similar experiences have been registered in countries across Africa and Latin America.

The EU is now feeling left behind the United States and Japan because the Doha round of trade negotiations has failed. The move to achieve a single global regime of trade rules was launched in Doha in Qatar in 2001.

The emphasis was to be on trade as supporting development, and so it came to be christened the Doha Development Round.

"Now there is no talk of a development round," Hilary said. "The EU now wants to push through dramatic liberalisation for the EU business community."

The EU has been in active talks over a trade agreement with India. That raises questions now how far countries like India will want to take on global leadership of the developing world.

The EU is still talking of an eventual global trade agreement. But given the results or the lack of them in the trade talks so far, few are now taking this as anything more than talk.

The EU is speaking of bilateral agreements as parallel initiatives.

"The (European) Commission will set up a new programme of bilateral free trade agreements (FTAs) with key partners to build on WTO rules by tackling issues which are not ready for multilateral discussion and by preparing the ground for the next level of multilateral liberalisation," it said.

"The key economic criteria for new FTAs should be market potential -- particularly the emerging markets of Asia."

"A changing global economy needs a new trade policy," Mandelson said. "An open market is not just a lowered tariff -- it is a market in which European companies get a fair deal, with freedom to compete and legal protection when they do." Quite openly now, the new trade talk is about markets for EU businesses. – **Sanjay Suri | IPS**

SMALL NATIONS' DOUBTS ABOUT EU GET BIGGER

A proposal by Senegalese Trade Minister Mamadou Diop to postpone the 2008 deadline for signing trade agreements with the European Union found much support at a meeting in Brussels Oct. 12. The meeting was attended by ministers and ambassadors from the ACP group of countries ahead of EU ministers' trade and development talks the following week.

Some of the leaders from Pacific nations among the 79-member ACP said they would consider opting out of the controversial Economic Partnership Agreements (EPAs) between the EU and ACP regions.



"In the Pacific, a pessimistic mood prevails," Fiji trade minister Kaliopate Tavola (left) said at the meeting. "At the beginning of negotiations, we expected a lot of the idea of the EPAs becoming a tool for development. But as things stand now, the agreement is threatening to overwhelm our fragile economies. Some small islands may just opt out of the

agreement altogether."

Talks on new trade agreements between the EU and the 79 ACP countries began in 2002, and are currently being reviewed. The agreements are due to be ready by the end of 2007.

But the EU proposals through the talks threaten to undermine development rather than foster it, ACP ministers and members of non-governmental organisations agreed at the conference. Europe should consider genuine alternatives during the forthcoming meeting of EU trade and development ministers Oct. 16-17, they said. The ACP countries are calling for EPAs to be high on the EU meeting agenda.

Several ACP countries feel betrayed by the direction the negotiations have taken. In 2000 they signed the Cotonou agreement (in Benin in West Africa), a framework for ACP-EU cooperation. The Cotonou text says EPAs should promote development, contribute to poverty eradication and foster the integration of ACP countries in the world economy. But that is not how things are looking now.

"In the Caribbean, the feeling is that EU is neglecting the problems of small countries," said Barbados trade minister Dame Billie Miller (picture in the second column).

"Until now, we only see a limited offer of trade-related support. The EU should invest much more in capacity building and the enhancement of competitiveness before trade is opened up." There should also be more consideration for EPA-related loss of revenue, she said. "A high percentage of government revenue in ACP countries now is coming from import taxes. The EU should make up for the loss of revenue when taxes disappear."



The Caribbean countries are proposing an EPA adjustment facility for quick financial support, Miller said EU negotiators are trying to push agreements through without taking Caribbean peculiarities into account. The EU has divided the 79 ACP countries into six regions to conclude separate regional agreements, but negotiators often take a 'one size fits all' approach.

"We are harnessing the carriage in front of the horses," said Senegalese trade minister Diop. "We still don't have a good impact study of the EPA for West Africa. And we still don't know which flexibility ACP countries can count with regarding general trade rules in two years time."

At the start of the EPA negotiations, the ACP countries were assuming that there would be a World Trade Organisation (WTO) agreement on trade liberalisation by 2004 allowing for special and flexible treatment of poor countries. But the WTO trade liberalisation talks have stalled, which means that the current more rigid trade rules would apply.

European negotiators must stop imposing their agenda and start to concentrate on development issues, Diop argued. "Until now, we do not see a clear commitment to increase competitiveness and production capacity in the ACP countries and to agree on transition periods that are long enough."

The European EPA proposals have been drawing criticism from farmers and industries in the ACP countries and from NGOs for years. These groups oppose the idea of reciprocity that underlies the negotiations - reciprocity among players that are hardly equals.

"EPAs as they stand will be a disaster for the economic prospects of some of the world's poorest people. EPAs need radical reform," said Yash Tandon, executive director of the South Centre that organised the conference. The South Centre is a Geneva-based inter-governmental organisation of developing countries.

"Europe should first support the ACP countries in their regional integration process, and only then start looking whether and when the economies can be opened up internationally," said Marc Maes of the Belgian NGO 11.11.11. "That is the strategy the EU is following in Latin and Central America." – Peter Dhondt | IPS

EU-ACP DOSSIER

The cooperation with the ACP countries is an important part of the EU's external action, being a specific and separate policy area under the responsibility of DG Development.

Based on a long history of cooperation, the current ACP-EU partnership is defined by the Cotonou Agreement, signed in 2000 to establish a comprehensive framework including trade relations, aid allocation and political cooperation, with the overall objective of poverty reduction. Comprising also a clause for revision every five years (the first revision was concluded in February 2005) the importance of the Agreement lies in the search for more participatory approaches to development, through the active involvement of a wide range of civil society and non-state actors in policy formulation and implementation.

Article 20 of the Agreement specifically identifies the development of the economic sector and social and human development as main areas of cooperation. Along with these, attention is also paid to cross-cutting issues and trade.

Initiated by the Georgetown Agreement and Lomé Conventions and improved by the Cotonou Agreement, the EU-ACP partnership is shaped by several actors. The ACP Group disposes of specific decision making, consultative and executive bodies, created to serve the Group's objectives and interests, including:

The Summit of Heads of State/Government, the highest organ in the ACP Group's institutional structure, which defines the main policy guidelines of the Group and instructs the Council on their implementation;

The Council of Ministers, the main decision making body, formed by government representatives of each ACP state, is responsible for the implementation of the policy guidelines as defined by the Summit;

The Committee of Ambassadors, a second-level decision making body, which assures the continuity of the ACP institutions' work;

The ACP Parliamentary Assembly, the advisory body of ACP Group's institutions, groups the ACP parliamentarians that are members of the Joint Parliamentary Assembly;

The ACP Secretariat, based in Brussels, assists and facilitates the work of the ACP institutions and the joint ACP-EU institutions. It puts into practice the decisions taken by the other ACP institutions, to fulfil the tasks assigned to these institutions and to monitor the implementation of the EU-ACP Partnership Agreement.

Along with these, the Cotonou Agreement establishes the creation of three joint EU-ACP institutions, formed by an equal number of EU and ACP representatives, plus a member from the Commission. These include:

The ACP-EU Council of Ministers: a decision making body, responsible for the adoption of decisions necessary for the implementation of the Agreement. Regular meetings are held once a year;

The ACP-EU Committee of Ambassadors, formed by the permanent representatives of each Member State, a representative of the Commission and the head of mission of each ACP country to the European Union, supports the Joint Council to fulfil its tasks;

The Joint Parliamentary Assembly, a consultative organ, meets in plenary twice a year, discussing the promotion of the democratic process, the dialogue between peoples and awareness raising of development issues; issues related to the implementation of the Agreement, also by adopting resolutions and recommendations to submit to the Council of Ministers.

The continuity of its work is assured by the Bureau of the Joint Parliamentary Assembly and by three Standing Committees. The Joint Assembly is also responsible for carrying out the dialogue with representatives of social and economic partners and civil society actors.

Further, the annexes of the Cotonou Agreement state that cooperation has to 'support institutional mechanisms that provide assistance for business and promote agriculture.'

These are the Centre for the Development of Enterprise and the Technical Centre for Agricultural and Rural Cooperation ACP-EU. The work of both is supervised by the Committee of Ambassadors. – **Source: www.euforic.org**



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