economic justice - resisting neoliberalism

sebastián valdomir / friends of the earth

Global Europe:

The tyranny of "free trade", the European way

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our vision is of a peaceful and sustainable world based on societies living in harmony with nature. We envision a society of interdependent people living in dignity, wholeness and fulfilment in which equity and human and peoples’ rights are realized.

This will be a society built upon peoples’ sovereignty and participation. It will be founded on social, economic, gender and environmental justice and free from all forms of domination and exploitation, such as neoliberalism, corporate globalization, neo-colonialism and militarism.

We believe that our children’s future will be better because of what we do.

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Global Europe: The tyranny of “free trade”, the European way

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introduction

"Multilateral activity will be complemented by the launch of negotiations on a new generation of bilateral Free Trade Agreements, going beyond current WTO rules, with regions and countries such as ASEAN, Korea, India, Andean countries and Central America, as well as the pursuit of ongoing negotiations with Mercosur and the Gulf Cooperation Council, and by the conclusion of sectoral agreements."

European Commission, Market Access Strategy, 2007. [1]

'Global Europe' was launched in October 2006 in a European Commission Communication entitled "Global Europe: Competing in the World"[2]. The 'Global Europe' Communication puts forward a new doctrine for the EU's external economic policies centered around the imperative of 'competitiveness'. It was directly followed by the introduction of a renewed "Market Access Strategy" on 18 April 2007.

Global Europe is conceived as the "external dimension" of the Lisbon Strategy for "growth, jobs and competitiveness" (adopted in 2000) and a response to new "global challenges", such as the rise of China and India. Global Europe promotes a globally-oriented and outward-looking Europe and aims at increasing Europe's "competitiveness" on world markets by increasing trade liberalisation, securing enhanced market access for European companies and ensuring cheap and predictable supplies of raw materials and primary products (including energy resources) for its industry.

Global Europe is moving away from a certain social-liberal discourse that marked the EU's trade policy under the leadership of Pascal Lamy (now WTO Director General). The EU's trade policy is now much more straightforwardly ultra-liberal, placing economic motivations at the forefront, and "non trade concerns" (such as sustainable development, social cohesion, human rights...) at the periphery. This is a first similarity with the US dominant approach to trade policy. It partly originates in the belief, trumpeted by the major European business lobbies, that the EU trade policy has been increasingly "overloaded" with issues that are irrelevant to trade policy and that it must go back to its "core business" which is basically opening markets to the benefit of European companies.

While the Global Europe strategy appears very offensive, it seems to be born out of defensive interests, i.e. a case of "attack is best defence". The strategy is born out of worries about the loss of market share because of the increasing number of FTAs concluded among trading partners, who as a result have better market access conditions than the EU (which can lead to so-called "diversion" of trade or investment at the expense of EU companies); worries about the stagnation of the EU's market share in emerging countries, especially in Asia; anxiety about Europe's "energy security" and the new race for raw materials in Africa; and concerns about the EU's growing trade deficit which reached 185,7 billion Euros in 2007 [3].

At the heart of the Global Europe strategy is the launch of a "new generation" of free trade agreements (FTAs). These agreements aim at achieving greater levels of liberalisation than what the EU can yield at the WTO. The strategy is based on the increasing frustration of European business about the stalemate of the multilateral talks in the WTO's 'Doha Round'. Bilaterals have then become an 'alternative' to the WTO to achieve increased market access across the world, particularly in the high-growth markets of the emerging countries. Strikingly, the EU is jumping on the FTA bandwagon in echo to the Bush administration's "competitive liberalization" agenda. This is a second similarity with the US' trade policy under the Bush administration.

With its new doctrine, the European Union put an end to its 8 year-old moratorium on FTAs which started in 1999 following the WTO Ministerial Conference in Seattle which was supposed to mark the start of a new round of multilateral trade negotiations.

Today there are between 300 and 350 FTAs in place or in negotiation worldwide. Of these, around 60 have already been concluded by the EU [4], and over a hundred other FTAs are currently being negotiated. This makes the EU a "world champion" in FTAs in contradiction to its self-image as an advocate of multilateralism [5].

In April 2007, the EU General Affairs and External Relations Council authorised the European Commission to negotiate five new FTAs with India, South Korea, the ASEAN countries, Central America and the Andean countries. In May that year, the European Parliament voted on a resolution which endorsed the Global Europe strategy.

In Latin America, the EU is building on its trade agreements already signed with Mexico and Chile.

In September 2007, the EU launched negotiations with the bloc of Andean countries (Bolivia, Colombia, Ecuador and Peru) grouped in the "Andean Community of Nations". In December 2008, the EU abandoned its bloc-to-bloc approach (and regional integration rhetoric) as a result of Bolivia's reluctance to negotiate far-reaching liberalisation commitments.

In October 2007, the EU initiated negotiations for an Association Agreement with Central American countries (Guatemala, Costa Rica, Honduras, Nicaragua, El Salvador, and Panama as observer). In April 2009, these negotiations were temporarily suspended after the decision of Nicaragua to leave the negotiating table. The fate of these negotiations is currently insecure.

By the end of 2007, the negotiations between the EU and the Caribbean countries (including Antigua and Barbuda, Barbados, Belize, Bahamas, Dominica, Granada, Haiti, Jamaica, Guyana, Saint Lucia, St. Kitts and Nevis, Surinam and Trinidad and Tobago) plus the Dominican Republic were concluded.

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The negotiations with MERCOSUR (Argentina, Brazil, Paraguay, Uruguay and Venezuela) are currently at a standstill, but they might be revived soon given the indefinite deadlock in the Doha Round.

In Southeast Asia and the Pacific, there are indications that greater pressure is being exerted by big corporations on the governments to access natural resources and territories, as a result of the progressive liberalization of trade, leading to an increased control of raw materials exports. The EU has developed a set of cooperation and sectoral agreements in the region , as well as an agenda for trade facilitation and trade and investment promotion. Now it is aiming for more than that. Since mid-2007, the EU and India have been negotiating their own FTA.

The EU has also shown a particular interest in moving towards a Bi-regional Free Trade Agreement with ASEAN (Association of Southeast Asian Nations, composed of Burma, Brunei, Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand, Laos and Vietnam), to outdo China, South Korea and Japan, the main business partners which have highly benefited from the growth in trade and investments in the region. In addition, ASEAN has already signed other FTAs with big economic players such as India, Australia and New Zealand. With an FTA with ASEAN, the EU would gain access to important reserves of raw materials, as well as markets in services and government procurement, and increased investment opportunities.

However, the EU views the process of negotiating between blocs as extremely slow and burdensome, and is now proposing to negotiate separate deals with the most “willing” countries of the ASEAN group, namely Vietnam, Singapore, Indonesia, Thailand and the Philippines. Obviously, this will have severe impacts on the process of regional integration that ASEAN has planned to conclude by 2015. The exact parameters of these negotiations are not yet very clear. To exert more pressure, in December 2008 the EU did not renew the preferential tariffs for imports of canned tuna coming from Philippines, Thailand and Indonesia, which were in force since 2003, stating those were merely “temporary measures”.

In East Asia, South Korea is the EU’s primary target country, as this country has recently signed a far-reaching FTA with the US (it has to be noted, however, that this FTA has not been ratified, due to opposition in the US Congress as well as in the Korean parliament). Despite strong resistance, the negotiations with South Korea are one of the EU’s most important ongoing FTA negotiations, although important divergences remain.

Without doubt, what is happening in Africa clearly shows

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Box: Non-tariff barriers: the new frontier of EU’s trade policy

According to the European Commission’s Communication on NTBs [6], the following are “the most frequent non-tariff barriers”:

- *oburdensome customs procedures*
- *odiscriminatory tax rules and practices*
- *otechnical regulations, standards and conformity assessment procedures*
- *osanitary and phyto-sanitary measures (SPS)*
- *opoor protection and/or enforcement of intellectual property rights*
- *obarriers to trade in services and foreign direct investment*
- *orestrictive and/or non-transparent public procurement rules*
- *oabusive use of trade defence instruments*
- *ounfair use of subsidies*
- *orestrictions on access to raw materials*

This is an impressive list and could be summarised as pretty much every possible trade affecting measure that is not a tariff or quota.

According to the Global Europe Communication, “Reducing tariffs remains important to opening markets to Europe’s industrial and agricultural exports. But as tariffs fall, non-tariff barriers, such as unnecessarily trade-restricting regulations and procedures become the main obstacles. These are often less visible, more complex and can be more sensitive because they touch directly on domestic regulation. Regulating trade is necessary, but it must be done in a transparent and non discriminatory manner, with the least restriction on trade”[7].

“Moreover it is of strategic importance to the EU that all trading partners also remove other non-tariff barriers, since they frustrate any additional market access acquired via tariff liberalisation. The EU pursues in particular the elimination of export duties that distort international commodity prices and disrupts trade.”

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how the aggressive trade agenda embedded in 'Global Europe' is violating the sovereignty of poor developing countries. Through the negotiations of so-called Economic Partnership Agreements (EPAs), the EU is exerting pressure on African countries to force them to open their services, public procurement and investment markets in exchange for continued access to the European market.

So far, Botswana, Lesotho, Mozambique, Namibia, Swaziland, Kenya, Uganda, Tanzania, Rwanda, Burundi, Zimbabwe, Seychelles, Madagascar, Comoros, Mauritius, Cameroon, Ghana, and Côte d'Ivoire subscribed to "interim" agreements with the EU, which supposedly only apply to the trade in goods, but which are meant to open the way to full-fledged FTAs, which include the sectors of interest for the EU. However, already in these interim agreements there are regulations related to services, investment, competition policy and intellectual property rights enforcement, which are highly hazardous for the sustainable and equitable development of African countries.

This hank of trade negotiations is framed in a context where new reserves of minerals, oil and gas have been discovered in 2008 in countries like Uganda, Equatorial Guinea, Mozambique, Namibia, Cameroon, Nigeria, Ghana, Gambia, etc. In addition, the flow of Foreign Direct Investments in Africa has doubled between 2004 and 2006, hand in hand with projects for exploration and exploitation of minerals and energy, as well as investments in the area of services.

The coercion mechanisms used by the EU were explicit in the EPA negotiations with the African countries. EPAs will not result in a significant improvement in terms of access to the EU market for African countries. Nor do they imply any progress in the elimination of certain technical barriers (such as strict sanitary and phytosanitary standards) which restrict the export of some African products to the EU.

ACP countries were pressured to sign the agreements in order to avoid losing their tariff preferences for their exports of primary products, which are the basis of their fragile economies. Now they have to open important sectors of their economy to European transnational companies. In addition, the State income will be drastically reduced as a consequence of the elimination of import tariffs. This will have serious impacts on the capacity of these countries to implement public health, education and environmental protection policies.

The EU explicitly foresees its FTAs to be 'WTO+'. This means that these agreements must lock in disciplines on issues that are off the WTO's negotiating table but are of great interest to European exporters. These are mainly:

- *Services, including: banking, insurance, tourism, telecommunications, distribution, environmental, water supply.*
- *The 'Singapore Issues', namely: trade facilitation, competition policy, investment, and government procurement (the last three issues were all rejected by developing countries at the multilateral level).*
- *Raw materials and natural resources, including minerals, oil, energy, biodiversity and water.*
- *Stronger enforcement of intellectual property rights.*
- *Non-tariff barriers (NTBs) or "behind-the-border" barriers.*

In sum, the EU's 'bilateral drive' has spurred widespread criticism in Europe and in developing countries. The major concerns that have been raised relate to:

- *The deviation from/undermining of multilateralism;*
- *The 'domino' or 'snowball' effect it has on other countries or regions, creating a vicious circle of more and more bilateral trade agreements across the world;*
- *Their radical liberalisation agenda, with the move from tariff elimination to the even deeper emphasis on "behind-the-border" barriers to trade, which is further restricting the "policy space" of governments to apply endogenous development policies;*
- *The inherent unfairness and asymmetries arising from 'face-to-face' negotiations between rich and poor countries.*

1 Commission of the European Communities. (2007). Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions, Global Europe: A Stronger Partnership To Deliver Market Access For European Exporters. COM(2007) 183 final. European Commission, Brussels, 18.4.2007

2 Global Europe Communication: http://ec.europa.eu/trade/issues/sectoral/competitiveness/global_europe_en.htm

3 Op. cit

4 See BUSINESSEUROPE, "Going Global - The Way Forward: securing the EU's export competitiveness", Study presented at a conference in Brussels on 28 October 2008. See: http://www.businesseurope.eu/Content/Default.asp?PageID=538

5 Trade and Trade-related bilateral and bi-regional agreements with third countries or regional blocks carry different names: Free Trade Agreements, Economic Partnership Agreements, Association Agreements, Partnership and Cooperation Agreements, Trade & Development Cooperation Agreements, Stabilisation and Association Agreements, Trade and Investment Enhancement Agreement.

6 Major bilateral or bi-regional trade agreements are already in place with the European Economic Area (with the EFTA countries), Chile, Mexico, South Africa, and various FTAs with Eastern European and Mediterranean countries. Trade agreements currently under negotiation include: EPAs with 79 ACP countries, the Euro-Mediterranean Free Trade Agreement, Association Agreements with Central America and Andean Community; FTAs with India, Korea, ASEAN and the Gulf Cooperation Council. And a number of FTAs are finally envisaged with: Armenia, Georgia, Russia, Ukraine, Canada, Libya.
See an updated list here (6 November 2008): http://trade.ec.europa.eu/doclib/html/118238.htm

7 Commission of the European Communities. (2008). Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the External Dimension of the Lisbon Strategy for Growth and Jobs: Reporting on market access and setting the framework for more effective international regulatory cooperation. Brussels, 16.12.2008. COM(2008) 874 final

8 http://ec.europa.eu/trade/issues/sectoral/industry/tntb/index_en.htm

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Raw Materials Initiative

In November 2008 the European Commission officially launched an aggressive plan to facilitate access, exploitation, and extraction of raw materials in southern countries with the aim of "Securing reliable and undistorted access to raw materials..." which are "... increasingly becoming an important factor for the EU's competitiveness and, hence, crucial to the success of the Lisbon Partnership for growth and jobs."

The "Raw Materials Initiative" was announced by the European Commission on November 5th 2008, in Brussels [1] . The plan outlines trade mechanisms through which the EU, its member states and industries can avoid or minimize raw materials shortages in the future. "Access to and affordability of mineral raw materials are crucial for the sound functioning of the EU's economy" [2], states the document.

This new initiative implies that the vital need of certain economic sectors in the EU- such as construction, chemicals, automotive, aerospace, machinery and equipment- for greater access to raw materials without any market distortions, and at affordable prices, is starting to be considered as a key component of the wider EU foreign trade strategy towards other regions and countries.

This initiative aims to eliminate all trade barriers that could be restricting European companies' access to those resources. This is due to the fact that the EU industry is highly dependent on imports of raw materials from third countries, and there are greater challenges in many supplying countries markets, such as those in Africa. Estimates are that the European bloc imports 80% of the raw materials used by its companies to produce goods.

In fact, EU foreign policy is shaped to facilitate the optimal functioning of European industry by guaranteeing secured supplies, and by doing so, it severely undermines the principles of environmental justice, sustainability and sovereignty which should rule the policies related to natural resources.

Precisely, the Global Europe Strategy states that: "More than ever, Europe needs to import to export. Tackling restrictions on access to resources such as energy, metals and scrap, primary raw materials including certain agricultural materials, hides and skins must be a high priority. Measures taken by some of our biggest trading partners to restrict access to their supplies of these inputs are causing some EU industries major problems. Unless justified for security or environmental reasons, restrictions on access to resources should be removed"[3].

This EU strategy deliberately and explicitly outlines a rationale for weakening the environmental regulations of European countries, making reference to the "need to streamline the administrative conditions and speed up the permit process for exploration and extraction activities"[4]. It also intends to transfer to impoverished countries and regions –dependent on the exports of raw materials for their survival- the environmental costs associated with the intensive exploitation of natural resources. As the EU knows very

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well, “Over 50% of major mineral reserves are located in countries with a per capita gross national income of $10 per day or less.”

“On the one hand, the EU has many raw material deposits. However, their exploration and extraction are facing increased competition for different land uses and a highly regulated environment, as well as technological limitations in access to mineral deposits. On the other hand, the EU is highly dependent on imports of strategically important raw materials which are increasingly affected by market distortions. In the case of high-tech metals, this dependence can even be considered critical in view of their economic value and high supply risks.”

According to Friends of the Earth Europe, the “Raw Materials Initiative” launched by the EC is contradictory in itself, as on the one hand it reiterates the need for greater efficiency in the use of raw materials, including recycling schemes, and on the other hand it outlines aggressive plans to gain control over resources belonging to impoverished countries in Latin America, Africa and Asia.

“The EU should instead support developing countries’ efforts to

1 The official press release of the EC: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1628

2 Commission of the European Communities. The Raw Materials Initiative – Meeting our Critical Needs for Growth and Jobs in Europe. Brussels, 2008. http://ec.europa.eu/enterprise/non_energy_extractive_industries/docs/com_699.pdf

3 Global Europe: Competing in the World. A Contribution to the EU’s Growth and Jobs Strategy. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0567:FIN:EN:PDF

4 Commission of the European Communities. The Raw Materials Initiative – Meeting our Critical Needs for Growth and Jobs in Europe. Brussels, 2008. Page 2

5 FoE Europe Press release “EU Raw Materials Initiative: industry interests undermine sustainable resource use”. Disponible en: http://www.foeeurope.org/press/2008/Nov05_EU_raw_materials_initiative_industry_interests_undermine_sustainable_resource_use.html

6 Ibidem

7 Commission of the European Communities. The Raw Materials Initiative – Meeting our Critical Needs for Growth and Jobs in Europe. Brussels, 2008. Page 7

8 Op. Cit. Page 5

9 On IIRSA, see the following documents by Friends of the Earth International: Bajo el Lema de Integración Regional and Alivio de la Pobreza: El Banco Europeo de Inversiones y su relación con IIRSA. http://www.foei.org/es/publications/pdfs/IIRSA-EIB-final.pdf

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diversify their economy, reduce their export dependency on primary raw materials and protect their exhaustible natural resources... Europe's wish to feed its insatiable appetite for raw materials has translated into a direct attack on developing countries' sovereignty over their natural resources - this sends a very bad signal to the world and is damaging the EU's reputation as a frontrunner in development and environmental protection" states a press release issued by Friends of the Earth Europe [5].

This decision of the European Commission undermines various proposals coming from the European Parliament on the issue, e.g. the recognition of the right of countries to restrict commercial access to their raw materials due to environmental reasons, as well as the decisions that stimulate the establishment of regulations for raw materials markets, in order to assure the principles of respect for human rights, sustainability and environmental justice [6].

By overlooking these problems in its new strategy, and eluding its responsibilities, the EU could exacerbate environmental and territorial conflicts in other regions and countries, according to Friends of the Earth Europe.

More "free trade", more mining and more mega-projects

Currently the EU depends on the imports of metal minerals, as its internal production only accounts for 3% of world production. European industry is highly dependent on imports of "high-tech" metals such as cobalt, platinum, and titanium. Adding to that, access to scrap has become more difficult in the last years. "China, Africa, South America, Russia and Australia are all leading suppliers of such high-tech raw materials to Europe. The fact that some important raw materials sources are located in parts of the world that do not have a market-based system, and/or are politically and/or economically unstable poses particular risks." [7]

As the EC document recognizes, the new features of the raw materials markets "...are threatening the competitiveness of European industry." This is mainly due to the fact that many of the so-called emerging economies are implementing strategies aimed at protecting their strategic resources base, to be able to prioritize supplying their own downstream industries.

According to the EC, "This is apparent in the proliferation of government measures that distort international trade in raw materials. These include export taxes and quotas, along with subsidies, price-fixing, dual pricing systems, and restrictive investment rules. Over 450 export restrictions on more than 400 different raw materials (e.g. metals, wood, chemicals, hides and skins) have been identified. China, Russia, Ukraine, Argentina, South Africa and India are among the key countries involved in applying such measures... [8]"

At best, the EU Raw Materials Initiative will be implemented through agreements on sustainable access to raw materials -most likely in exchange for funding and cooperation funds- to assure that resource-rich countries continue to supply strategic resources to European industry.

In the worst case scenario, measures introduced by resource-rich countries to benefit their own industries will be under attack. Among those measures, the most targeted ones will be exports restrictions and tariffs on exports, which many developing countries are still using to protect themselves from the draining of their own natural resources by foreign transnationals, or to develop their national industry to generate more added value within the country, through the diversification of the economy. When those types of regulations are in place, the EU is planning to intervene "using all mechanisms and instruments available, including enforcement through the use of dispute settlement."

It is clear that parallel to the consolidation of raw materials extractive projects – mainly metals – new trade and multi-modal transport infrastructures will be developed, based on mega projects, which will also have severe environmental and social impacts on the nearby populations, and rural, peasant and indigenous communities.

In some cases, as in South America, the EU – through the European Investment Bank - is directly involved such as in the initiative known as IIRSA (Initiative for South American Regional Infrastructure Integration). This project aims at establishing a series of interlinked multi-modal nodes, to facilitate the extraction and exports of natural resources, raw materials and commodities to the northern markets. The EIB has strengthened ties with one of the main funding institutions behind IIRSA, the Inter American Development Bank (IADB), which has co-financed a major project for the transport of gas (the gas pipeline between Brazil and Bolivia, of 3,000km) and has even agreed to give support for the implementation of IIRSA [9].

In the case of Africa, the EU Raw Materials Initiative proposes "reinforcing its dialogue and actions in the area of access to raw materials and on natural resources management as well as transport infrastructure, within the implementation of the Joint Strategy and Action Plan 2008-20102." An infrastructure project that already counts on the financial support of the EU is the "Western corridor" in Ghana, which consists of a series of ports, railways and roads to facilitate the extraction and transport of bauxite and manganese to the sea, and from there to be sent to European markets.

As if this strategy wasn't already enough, the EIB has announced that it will increase its lending to mining projects and extractive industries operating in the African countries, above its current annual average. Since year 2000 this has been set at 140 million Euros in the framework of the Cotonou Agreement, especially to those countries committed to work towards the transparency of the extractive industries.

three The EU-Central America Association Agreement – the stroke of death for food sovereignty

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The negotiations of the Association Agreement between the EU and the Central American countries (Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala) were initiated in October 2007, with the explicit goal of creating a bi-regional free trade area. As the negotiation rounds between the European Union and the Central American countries proceeded, it became more evident that certain economic sectors involved in exports of agricultural products would be greatly benefited by the trade component of the Association Agreement.

Before the beginning of the fourth round of negotiations (July 2008, in Brussels), the EU proposed an offer to the Central American countries, in which 90% of the products categories would be totally exempted from taxes upon entrance to the European market. Later on, in a negotiation round that took place in December, the EU improved its offer to cover 94% of the Central American products.

However, in October, the EU decided to renew the entire GSP Plus scheme for Central American countries, which gives unilateral benefits in terms of market access to the majority of export products from the region to European markets, with tariff exemptions, or preferential tariffs. It also included in the GSP Plus two items that were not previously included, shrimps and ethanol.

Thus, the question is what benefits will Central America obtain by negotiating an FTA with the EU?

The production systems in different Central American countries are known for having a few sectors or areas with consolidated structural economic power, based on the concentration of wealth and productive factors like land, capital, access to credits and markets, privileged connections with state institutions, etc.

These sectors are mainly focused on exports of agricultural products, instead of on the domestic market in which the majority of the population has little purchasing power. Most land, credit and state subsidies are concentrated in these sectors, which are historically connected with the elite and the most powerful economic sectors in the countries and in the region. The main products are coffee, sugarcane, bananas, palm oil, pineapples, shrimp, and now agrofuels.

These are the sectors that would potentially benefit from preferential access to the EU market in the framework of the Association Agreements under negotiation. The consequence will be the consolidation of national production systems - highly concentrated, with production patterns based on monoculture plantations, intensive use of agrochemicals and technological packages.

Peasants and small and medium size farmers who produce

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food for local markets will not benefit from the free trade agreement. On the contrary, the strengthening of the already powerful sectors involved in exports of agricultural products and monoculture plantations, will impact on the peasant, indigenous, afro-descendent and fisherfolk communities.

The case of Costa Rica

Costa Rica is Central America's main exporter to the EU. Through an FTA with the EU, the country aims to obtain more benefits than those already ensured by the GSP Plus. Total exports in 2007 reached 8.2 billion dollars. The EU accounts for 50% of the total exports, 49% go to the US, and 1% to other markets. It is the country with the most open economy in comparison to the others in the region, and the EU only brings 10% of the total Foreign Direct Investment (data from 2004).

However, Fernando Ocampo, adjunct Chief Negotiator for Costa Rica, has stated that in this process of negotiations of the FTA with the EU, "great part of the key products of Costa Rica's supply of export products are not included in the free trade basket (basket A)" [1].

Pineapple, banana, coffee, melon and mango are among the most important products exported to the EU by Costa Rica. Over 50% of the pineapple produced in Costa Rica is exported to the European Union; almost 30% of coffee exports, 38% of melon and practically all mango exports go to the EU.

In Costa Rica there are only 91 companies focused on growing and exporting pineapple. Between January and October 2008, total pineapple exports from Costa Rica reached 473 million dollars, 20.9% more than in the same period in 2007. And between January and October 2008, total banana exports accounted for 569.8 million dollars, 2.6% higher than during the same period in 2007.

Rules of Origin: the cases of Coffee and Sugar

According to the WTO definition, the Rules of Origin are "the criteria needed to determine the national origin of a product. Their importance is derived from the fact that duties and restrictions in several cases depend upon the origin of imported products"[2]. Both in the Free Trade Agreement and in the WTO, economic powers argue that it is no longer possible in today's world to determine the origin of a certain product. They claim that trade flows have given way to an articulation of different stages of production cycles (agricultural and industrial) in different countries or regions, making it is difficult to determine

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the origin of all inputs or productive stages.

For instance, one country could claim that a certain product came from its territory (and should thus benefit from of favourable treatment as a result of a trade agreement or a free trade agreement between the two), even if that product was actually elaborated with raw materials coming from a third country. This is why Rules of Origin are negotiated: to determine case by case (that is, product by product) what are the criteria for trade benefits.

In the draft chapter on Rules of Origin proposed by the European Commission, dated October 17th 2007, it is stated that the following products will be considered as originating from the European Community: a) products obtained entirely in the European Community in accordance with article 4; b) products obtained in the European Community which incorporate materials that haven't been entirely obtained in the EC, as long as these materials have been elaborated or transformed in a sufficient manner in the European Community, in accordance with article 5"[3].

The implementation of the Rules of Origin is negotiated sector by sector. This is why for certain products, the EU is putting pressure on Central American countries to apply certain criteria in the negotiations on Rules of Origin (for instance in the cases of coffee and sugar). These criteria would benefit the EU, allowing it to consider as original European products certain goods with raw materials coming from third countries that only went through some industrialization stages in the EU.

For countries like Guatemala and Honduras, coffee is one of their main export products. This product is the most important in terms of total exports from Central American to the EU. In 2005, 44% of total coffee exports were destined to the EU.

For Costa Rica, coffee is the fourth largest export product to the EU (after bananas, pineapples, machine parts), and Guatemala is the world's fifth largest exporter. In Honduras, coffee is the main product exported to the EU. In 2008, every Central American country increased its volume of coffee exports in relation to 2006: 4.4% in Guatemala, 5.5% in Honduras, 52.5% in Nicaragua, and 21.6% in Panama.

Therefore, it is clear that the region is highly competitive in the production of coffee. However, the Central American Coffee Producers Association decided in November 2008 to stay outside EU negotiations, due to the EU's demand for flexible Rules of Origin for the product, according to the Costa Rican Institute of Coffee (Icafe) [4]. Central American coffee producers are in favour of rigid Rules of Origin (which means that in order to enjoy the tariff benefits, the product has to be 100% produced and harvested in one of the territories covered by the agreement). This would prevent Europe from importing coffee from other parts of the world - for instance from Africa, where coffee is cheaper than the coffee produced in Central America - processing it, and exporting it to the region free of taxes.

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If a flexible Rules of Origin were applied, as the EU wants, Central America could begin receiving coffee harvested in other regions of the world, processed in EU countries and then exported to the region with tariff exemptions.

In case the parties don't reach an agreement on the issue of Rules of Origin for Coffee, a possible way out for Central American countries would be to exclude coffee from the list of products included in the Association Agreement. This would be done by including it in the "Special products" basket (which allows high tariffs for imports to defend local production to be maintained , or by directly excluding it from the Agreement.

But whatever choice is made, this is another example of how a competitive sector of high interest for Central American countries in terms of exports, has to be left out of the "free trade" framework due to the implications of such asymmetric negotiations with complex trade rules that go beyond the exchange of products.

The case of sugar is another example in which the EU is proposing to implement flexible rules of origin, because the European block is the third world producer, and sugar is produced in almost every country of the EU. Refined sugar is the EU's main export product, France and Germany being the main producers.

However, the EU also imports raw sugar from third countries like Mauritius, Guyana, Fiji and Swaziland. As the EU already exports sugar byproducts like glucose, glucose syrup and other sugars to Central America, the EU aims to maintain and broaden these exports without limitations. This would mean that the processing of raw sugar from third countries and subsequent exports to Central American countries could be covered by the Free Trade Agreement under negotiation. This is why they need flexible Rules of Origin.

Since sugar production is also an important sector for Central America, there is an offensive interest to sell raw and refined sugar, as well as products with high sugar content, to the EU markets. However, there is a concrete barrier to the strengthening of this sector with the FTA, and there's even the risk that Central American countries could begin receiving sugar byproducts from the EU, if a flexible Rule of Origin as the European bloc aims were to be applied.

Technical Barriers to Trade and Sanitary and Phytosanitary Measures

Another chapter of the negotiations that has an impact on food sovereignty is the one on sanitary and phytosanitary measures. These measures further restrict the possibility of developing the agricultural sectors which are not controlled by agribusiness, specifically peasant agriculture. The Central American goal for the negotiations on Technical Barriers to Trade (TBT) is to obtain EU recognition of Special and Differential Treatment for some of their agricultural products that comply with European regulations related to labelling, traceability, registration of products, etc.

In practice, in order to enter a country where there are companies that demand compliance with private standards and regulations, export products must comply with both official and private requirements, and if they don't, there's no trade. This implies even greater costs in production, processing and trade, and therefore are a barrier to trade. These demands and costs associated with sanitary and phytosanitary measures compromise the possibilities of small farmers to access potential markets. In addition, the demands of importer countries from the EU and their respective sanitary and phytosanitary measures are extremely dynamic, forcing exporters to constantly monitor new developments in order to be able to stay in the markets.

This clearly can't be done by small peasant agricultural farmers. First of all, they will be excluded from the potential "benefits"

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of an FTA with the European Union for not being able to export their production due to non-compliance with requirements. Furthermore, as mentioned above, the sectors that will benefit from the FTA will exert pressure to control bigger areas of land for the production of commodities, such as palm oil and sugarcane for agrofuels.

The organizations and movements who are members of La Via Campesina in Central America have warned against these issues and hate taken a position around the negotiations of the Association Agreement: "In terms of phytosanitary measures and traceability, these measures don't resonate with the Central American reality, and even less with that of the peasant and indigenous local communities. These are the most effective mechanisms to prevent access to the European Union markets [5]".

Therefore, la Via Campesina in Central America has demanded "not to negotiate on agricultural issues until the European Union eliminates subsidies and eliminates the chapter on Intellectual Property from the Association Agreement".

Central American Artisanal Fisheries

Another sector in Central America that could be seriously impacted by imports from the EU is artisanal fisheries. Artisanal fisheries (more than industrial fishing or aquaculture) are particularly vulnerable as they produce for the domestic market, and would have to compete with high technology production fostered by large amounts of capital.

It is estimated that artisanal fisheries encompass approximately 40,000 boats in Central America, and 125,000 fisherfolk, who lack the necessary technical equipment and adequate trading structures (they depend on intermediaries). As a result, they have high levels of poverty and exclusion. In addition, during the last years, conflicts with the industrial fisheries sector around fishing quotas and stocks has increased.

European transnational companies are strongly present in the sector, including the Spanish company Calvo, which was denounced in front of the Permanent Peoples' Tribunal against transnational companies which took place at the Social Forum of the Americas in Guatemala in October 2008.

The Central American Confederation of Artisanal Fishermen (Confepesca), made up by artisanal fisherfolk federations from Guatemala, Honduras, Nicaragua, Panama and El Salvador, has published a study in which they explain

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the necessary conditions for a FTA with the EU that does not destroy the competitiveness of the Central American artisanal fisheries sector. One of these conditions is the creation of a fund for artisanal fisheries that encompasses "security and investment policies, a certification system for sustainable fisheries, regulation of resources such as services and transport, access to information and mechanisms to guarantee the fulfillment of cooperation and organizational development commitments towards artisanal fisheries, support from the EU to establish a Social Cohesion Fund and campaigns to promote Central American consumption of fish products" 6.

According to Norberto Romero, CONFEPESCA's president, the results of the FTA between Central America and the US were that "the sector was a net loser in the negotiations. We already had free access to the US market with the Initiative of the Caribbean Basin, but hadn't been able to enter that market due to sanitary and phytosanitary measures and other regulations. Central American countries had plenty of tariffs to protect their fish products. Therefore the region opened up in exchange for nothing" 7.

Promotion of Agrofuels

A sector that is likely to be strengthened by the elimination of import tariffs by the EU is agrofuels. The EU's dependence on renewable sources of energy is one of the main reasons for the rapid expansion of agrofuels.

According to a report by Friends of the Earth International on the expansion of agrofuels in Latin America "The Central American countries of El Salvador, Costa Rica and Guatemala, while not currently large producers of agrofuels, have reacted to the current global energy crisis with a strong offensive encouraging production. Whilst this production is predominantly aimed at domestic use, exports and the involvement of foreign companies are likely to play an important role. With the IADB as a strong supporter of this development, existing trade deals with the US (with an exemption of export taxes for ethanol from all three countries) and planned agreements with the EU will further promote agrofuel development."

Central America's main crops for agrofuels production are palm oil and sugarcane. With the increase in agrofuels

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production, human right violations related to land use conflicts, displacement of peasant and indigenous communities, deforestation and contamination of water sources with chemical products have increased in all Central American countries.

All Central American countries have domestic regulations that favour and encourage agrofuel production, through subsidies, tax exemptions, research grants, land rights, authorizations and infrastructure, and ethanol and biodiesel targets for transport fuels. The certainty of having an open market and avid customers in the EU for agrofuels produced in Central America, explains why more and more land is being converted for the production of this kind of crop, competing with food production and with rainforests and other forest ecosystems.

The direct precedent for this regional promotion of agrofuels production is the tariff exemption for ethanol exported to the US, based on the Free Trade Agreement between that country and Central America-Dominican Republic (CAFTA-DR).

In Guatemala for instance, the expansion of palm oil, sugarcane and jatropha has strongly impacted the production of basic grains, which are staple food for the peasant and indigenous families forming the majority of the country.

In 1980, sugarcane occupied 3.4% of Guatemala's total agricultural area; in 2007 this percentage increased to 11%. According to the Comité de Unidad Campesina (member of la Via Campesina), the lack of beans and corn for domestic supply during the second half of 2008 was a direct consequence of the promotion of African oil palm and sugar cane production, as well as the price increase for agricultural inputs, due to the increasing demand of these two crops.

Something similar has been happening in Honduras. One of the most active economic groups in ethanol production in Nicaragua, Pellas Group, has been buying lands there to increase exports to the European Union. This company is associated in some sectors with Union Fenosa, the Spanish transnational company that controls power generation and distribution in Guatemala and Nicaragua.

In Honduras, the Pellas Group has been building distilleries for ethanol production. This is legal in Honduras, since the National Congress passed the Biofuel Production and Consumption Law in November 2007 to encourage the large scale production and use of biodiesel and ethanol.

In 2007, the Pellas group exported 17 million litres of ethanol from Honduras, and it planned to export 40 million litres in 2008. The company is the main exporter of ethanol of Central

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America. The region it has chosen for ethanol production is the Olancho department, one of the country's main food production areas withmainly corn, beans, rice, vegetables, and cattle. This region also accounts for 75% of basic grain production in Honduras. The company further aims to buy or rent 70,000hectares of land in the Olancho, El Paraiso and Yori departments to grow sugar cane.

This has led to greater pressures on land ownership. Due to high demand, land prices have increased from US$ 1,200 per acre (0.7 hectares) to US$ 4,000 today, leading to increased conflicts with peasant communities that don't have ownership titles and are subjected to legal demands by more powerful economic groups which then gain control over their lands. Approximately 45 thousand hectares are in this situation. It is estimated that 300 thousand landless peasant families are waiting for access to land through land access and redistribution policies.

The Honduran government, through its Industry and Trade Ministry, was forced to freeze the price of beans due to price increases of this basic product in light of its scarcity during the second half of 2008. With constant demand and little supply, the increase of prices became a serious problem for families, and it was worsened by speculation by agricultural intermediaries. The government set a maximum of 50 lempiras (approx. 2.5 US dollars) per unit of beans sold to the public, and has not ruled out the possibility of setting a maximum price for all basic products [8].

Opening of investments and services: they are all welcomed

The chapters on Services and Investments aim at the broadest possible openness of services, and complete liberalization of foreign investment projects coming from EU countries to Central America. In particular, the most interesting sectors for the EU are telecommunications, energy and financial services. There is already an important European presence in these areas through the companies that have operated in Central American since the 1990s. Therefore its aim is to increase the penetration of European capital, and modify internal regulations that somehow limit the activities of the companies or the repatriation of profits to the mother companies.

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European companies will be able to operate in several economic sectors including tourism, mining, power generation and agroindustry, establishing capitalist patterns for the use of natural goods –water, fisheries, land, seed, and mineral resources. These companies have frequently entered into conflict with social sectors and people who have historically depended on and preserved nature They have cause denvironmental, territorial and economic conflicts with great asymmetries in terms of power: on the one side transnational companies, and on the other peasant, indigenous, fisherfolks, and afro-descendant communities, impoverished as a result of decades of implementation of policies focused on the strengthening of oligarchic economic sectors.

If these sectors are further opened, the presence of European companies will increase in the spheres of tourism, water, mining, and agrofuels. This will encourage the use of available lands for non food production ends. In addition, the big industrial agricultural producers will be the most qualified (in terms of capital) to access more lands for the production of agrofuels or flower-growing. Increases in the price of lands and basic food products like beans and corn have been reported in the entire region.

1 http://www.nacion.com/ln_ee/2008/marzo/19/economia1466960.html

2 Rules of origin: technical information http://www.wto.org/english/tratop_e/roi_e/roi_info_e.htm

3 Draft Chapter on Rules of Origin under the Association Agreement between EU and Central America.

4 See news article in http://www.nacion.com/ln_ee/2008/november/20/economia1782021.html

5 Positioning of the Via Campesina Central America after the meeting in Costa Rica on 28 and January 29, 2008. Final Statement of the meeting (not available on internet)

6 Análisis y Propuestas del Sector Pesquero Artesanal de Centroamérica ante el Acuerdo de Asociación con la Unión Europea. CONFEPESCA. Tolentino & Mejía. El Salvador, May 2007. Available online: http://www.observatorioca-ue.co/?page=centrodocumentacion/2007

7 Bulletin Foro Latinoamericano de Pesca Artesanal. Nº 2 – December 2008. Available www.cedepesca.org.ar/foroclara/index.php?option=com_content&task=view&id=67&Itemid=3

8 http://www.monedaenlinea.com/monedaenlinea/index.aspx?oc=-100&ic=7554&k=-3&Fa=7528

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Crisis? What Crisis? This Crisis?...you'll pay for this crisis!

The free trade negotiations being advanced by the European Union in Latin America, Africa and Asia in the form of association agreements or economic partnerships aim to consolidate a wide range of benefits and privileges for European transnational companies in different economic sectors, including financial services.

The Global Europe strategy uses association agreements and the negotiation of free trade treaties as key mechanisms to guarantee European companies secured access to energy reserves and raw materials, as well as to open markets without restrictions.

These association agreements go far beyond the reciprocal liberalization of trade in goods, through the reduction of taxes and tariffs to allow for greater market access, as they also include the liberalization of sectors such as services, investments and government procurement, and strong systems to protect intellectual property rights.

In general terms, these negotiations involve a deregulation of the financial systems that work as a platform for European companies' operations. However, the chapter on services, referring to financial services, aims particularly to secure the free circulation of capital from direct investments, as well as the repatriation of those investments and the profits they generate [1].

It is about ensuring that European financial entities – which already hold dominant positions in Latin American financial markets and aim to establish themselves in positions of power in Africa can expand to those countries where they are not present yet and deepen their market control at a global level.

In the case of Africa, at the end of 2007 an alliance between the World Bank, the African Development Bank and the German government was launched to help consolidate financial services in Africa. According to the German Minister for Economic and Development Cooperation,, Heidemarie Wieczorek-Zeul, "the lack of financial services is one of the main obstacles to the development of the private sector in Africa". In the press release of the World Bank, the president of the institution, Robert Zoellick, declared that the development of the financial sector would be a strategic factor that will boost growth and employment in Africa, and that African companies considered that lack of financing and the cost of financing to be two of the three biggest limitations to corporate activity [2].

Due to the fact that services are not subject to the payment of fees or customs tariffs, the negotiations aim to eliminate domestic measures (laws, norms, regulations) that discriminate against foreign services or foreign service suppliers. In addition to financial services, areas such as energy, telecommunications and tourism are included.

Financial services mentioned in these negotiations include sale and insurance intermediation, banking and loan activities in general (including mortgage loans), administration of pension funds, and exchange of all types of negotiable financial tools such as bonds and shares.

A key dimension for the operations of big European companies in the south is precisely to have adequate and free financial systems to ensure capital flow and transfer of profits from the subsidiaries companies, and to facilitate financing for the feasibility of their projects in different continents. This is why there is a strong emphasis on liberalizing all regulation of the flow of capital and financial services in general.

In the case of Latin America, the presence of many of the main European companies that operate in the region is made possible by credits they receive from public and private banks ¬ in many cases European banks. European banks and credit institutions finance European companies so that they can implement projects for the extraction of natural goods from Latin America. Public institutions such as the European Investment Bank (EIB) and the Nordic Investment Bank (NIB), along with many private European banks, have dominant positions in Latin American financial markets. In EIB's current plans for Asia and Latin America for the period 2007-2013, loans with a total value of 3.8 billion Euro have been approved to finance operations in both regions; 2.8 billion for LA and 1 billion for Asia.

Among the clearest examples of environmental and territorial impacts of projects financed by these institutions is the NIB's support of the hydroelectric Urra I project, which caused serious conflict between indigenous and fishing communities of the Sinu River in northern Colombia, due to the flooding of over 7,000 hectares in the Cordoba region. Meanwhile, EIB has financed European companies' penetration of telecommunication services and several infrastructure projects in Colombia.

In Uruguay, the EIB and the NIB have financed a range of projects with environmental impacts, including tree monoculture plantations (ENCE, Spain) and the installation of a cellulose mega-plant (Botnia, Finland), which has caused a serious bi-national conflict with Argentina, currently under discussion at a tribunal in The Hague. Finally, the EIB has also played

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a key role in financing several projects in Brazil, especially power generation, telecommunications, forestation and energy interconnection.

The Global Europe Strategy is all about securing the dominant position enjoyed by European capital across different continents, and eliminating remaining regulations to facilitate the operations of European investments. It is about implementing the same policy that rules the financial sector in the EU – which bans all restrictions to capital flow in the framework of a single market for financial services - in the other continents.

A report by Friends of the Earth Europe[3] on the role played by European banks in the expansion of agrofuels in Latin America indicates that financial entities such as Deutsche Bank, Banco Santander, BNP Paribas, HSBC, Barclays and BBVA are dedicating millions of Euro to major agribusiness corporations such as Cargill, Tereos, Louis Dreyfus and Agrenco to allow for the continous increase of agrofuel production. Through their loans these institutions are fostering the destruction of natural environments and forests through logging and agrotoxin contamination of soil and water, and are responsible for evictions of indigenous, peasant and rural communities, as well as of slavery-like working conditions in sugar cane, palm oil and soy plantations.

To conclude, in its quest for a complete liberalization of financial services, the EU seems to ignore the fact that it was financial speculation, boosted by free capital markets, that had such an impact on the world economy and that continues to create a severe international economic and social crisis. This freedom, for financial capital to be invested in speculative markets, is precisely what the EU is aiming to secure through its negotiations on financial markets, where it demands absolute freedom of capital flow.

1 Draft text proposed by the European Comission to the Central American countries on December 19th,2007. Confidential document available at: www.bilaterals.org

2 See http://web.worldbank.org/WBSITE/EXTERNAL/BANCOMUNDIAL/EXTSPPAISES/AFRICAINSPANISHEXT/0,,contentMDK:21520215~pagePK:146736~piPK:226340~theSitePK:489678,00.html

3 Available online en: http://www.foeeurope.org/agrofuels/financers_report_May08.pdf

five EU and the Caribbean: Agreement Under Duress

EU and the Caribbean: Agreement Under Duress

In March, 2006, the European Commission adopted a Communication on the EU Strategy for the Caribbean. The process of negotiations with 14 countries of the Caribbean Community (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Luca, Saint Vincent and the Grenadines, Saint Kitts and Nevis, Surinam and Trinidad and Tobago) concluded in December 2007, and the Agreement was finally signed in October 2008, including service liberalization, government procurement and investment protection systems for European companies.

Before formally signing the Association Agreement between the two blocs, some countries like Guyana, Saint Lucia and Grenada expressed their fear to the impacts the complete opening of their economies to the European Union could have. At the regional summit in September which took place in Barbados, especially called to find a way out, Guayana´s President, Bharrat Jagdeo, warned that the Agreement with the EU could result in the end of regional integration process in the Caribbean.
Before Barbados Summit, Guyana´s government called on a National Consultation on the Association Agreement –as a result of a public campaign lead by the trade unions, the Church and the private sector- and the same thing was proposed by several civil society organizations of Saint Lucia, another country which expressed its discrepancies with the Agreement with the European Union as it was negotiated.

Jagdeo stated that his country would rather prefer a trade agreement with the EU based only on the trade of goods, leaving aside the liberalization of services. However, Jagdeo also said that he would sign the Association Agreement even "under duress", in case the EU decided to impose higher tariffs and taxes on Guyana´s main exports such as rice, sugar and rum. This is why Jagdeo even accused the European Union of "negotiating up to no good" because of these threats, and proposed that the Caribbean bloc reconsiders all European proposals, or else he proposed to "sign only on the good parts", making reference to the chapter on Goods of the Association Agreement.

Guyana also claimed that the Agreement should contain a review clause, for the real impacts on the Caribbean economies to be assessed after a certain period. This proposal was even supported by the Foreign Trade Committee at the European Parliament.
Caribbean exports to the EU increased in a considerable way during 2004 and 2006 (over 40%) surpassing 4 billion Euros, but this is mainly due to an increase of fuel exports, especially oil, but also other primary products like aluminum oxide, rum, sugar and bananas. In terms of trade of energy, oil extraction by European corporations in the Caribbean countries of ACP increased rapidly year after year.

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Even with the great asymmetries between the two blocs, the EU publicized the Agreement with the Caribbean as the first "truly complete" North-South free trade agreement. In some cases, as with the chapter on Intellectual Property Rights, the possibility of patenting up to 10 years the so called "secondary uses" of medicines, or the combination of one or more medicines, given that the text indicates that it is possible to protect (patent) any product or process from any technological area, on the condition that it is new, includes a certain degree of obviousness and it is possible to be applied at the industrial level. (Art. 148 A1)[1].

1 Text of the Cariforum-EC Economic Partnership Agreement http://trade.ec.europa.eu/doclib/html/137971.htm

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box: Haiti: the disasters of free trade

Finally, the Agreement with the EU was signed in October 2008, but without the participation of Haiti. This country experienced, throughout 2008, severe hunger crisis due to food shortages and the increase of basic food prices. From middle 2007, the prices of certain food such as beans, rice, oil and fruits, suffered a 50% increase, with two cups of rice reaching US$0.60.

This was the result of a drastic reduction of import taxes to processed rice during the period of 1996-2001, which literally destroyed local agriculture and local food production systems. Initially, US rice was cheaper, but once competition of local rice was eliminated, the price of imported rice suffered a fourfold increase, and has continued to increase to reach 51 US dollars per sac, a price that is not accessible for the great majority of homes. Official data indicate that a minimum of 3.3 million people (of a total population of 9 million) face problems to feed themselves.

The imports of tonnes of rice from the US –highly subsidized, added to the great concentration of wealth and the lack of resources for local agriculture, brought Haiti to depend on food aid, and of whatever the country can buy in the international markets: a country with structural unemployment and poverty, without food sovereignty, nor any type of sovereignty. When the prices skyrocketed, hunger became the rule. Tenths of people were injured, and 5 killed, during the demonstrations of April 2008, leading to the removal of then Prime Minister Jacques Edouard Alexis. After that, tropical storms and hurricanes destroyed everything, leaving 800 dead and 1 million affected people.

The answer of the EU was to give a one year deadline for the country to sign the Agreement.

six EU-Africa agreements: from bad to worse

EU-Africa agreements: from bad to worse

The EU was unable to conclude economic partnership agreement negotiations with African countries, which are ACP members in 2009 because only 19 (out of 47) countries had signed the so-called "Interim EPAs". Since the 1970s, economic relations between Europe and most African countries have followed a series of Lome Conventions, a system of non-reciprocal tariff preferences and technical and financial "aid", through which Europe has managed its "cooperation for African development" policy.

Since the June 2000 Cotonou Agreement, which followed the last Lome Convention, trade relations between the parties have changed, with the arrival of a reciprocal tariff preferences system that aims to establish economic partnership agreements in the medium term. Another change established by the Cotonou Agreement is that Sub-Sahara African ACP countries have divided themselves into four sub-regional groups for negotiations with the EU.

West Africa CEDEAO + Mauritania	Central Africa CEMAC + STP	East South Africa ESA	Southern Africa "SADC group"
Benin	Cameroon	Burundi	Angola
Burkina Faso	Centr. Africa	Comoros	Botswana
Cape Verde	Chad	Djibouti	Lesotho
Gambia	Congo (Brazzaville)	Eritrea	Mozambique
Ghana	Congo (Dem. Rep. - Kinshasa)	Ethiopia	Namibia
Guinea	Equat. Guinea	Kenya	Swaziland
Guinea Biss.	Gabon	Malawi	Tanzania
Ivory Coast	S. Tome. Princ.	Mauritius	South Africa
Liberia		Madagascar	
Mali		Rwanda	
Mauritania		Seychelles	
Niger		Sudan	
Nigeria		Uganda	
Senegal		Zambia	
Sierra Leone		Zimbabwe	
Togo			

Note: In red the countries that signed "interim EPAs".

Of those countries that come under the UN's "Least Developed Countries" (LDCs) category (32 countries in total), only five (Uganda, Burundi, Zambia, Rwanda and Comoros) have signed the interim agreements with the EU. The LDCs may receive protection through a system that allows them to place most of their export products on the European market without tariffs and without having to open their own economies. For those countries not considered "least developed", the tariff preferences in their trade relations with EU, established by the Cotonou Agreement, expired on December 31 2007. Only three countries not considered to be LDCs (Nigeria, Congo and Gabon) have not signed an agreement with the EU.

According to Peter Mandelson, UN Trade Commissioner during that negotiations process, "If you go to West Africa, the regional group is dominated by Nigeria, which wouldn't touch an EPA with a barge pole. 'That's okay for West Africa if you are relatively rich like Nigeria. But what about Côte d'Ivoire and Ghana? They are not rich, nor are they LDCs. They need an EPA to avoid disruption to trade at the end of the year "[1].

The "interim" agreements between the EU with these countries were reached on the understanding that they would be broaden in the future, and that they would at first only cover trade in goods. In fact, after the interim EPAs, negotiations continued throughout 2008 in sectors like services, public procurement, investment and intellectual property.

According to a statement issued by the European Commission on the current state of negotiations with seven Sub-Sahara African countries (known as the "SADC EPA Group" – Angola, Botswana, Lesotho, Mozambique, Namibia, Swaziland and South Africa), "For services, the common objective is to implement the provisions outlined in the interim EPA: i.e. the following three steps:

- *Complete a liberalisation schedule for the services sector for all SADC EPA countries except Namibia and South Africa;*
- *A commitment to a standstill in trade restrictions for all services sectors;*
- *Agreement to negotiate progressive liberalisation with substantial services coverage within a period of three years following the conclusion of the full EPA"*[2].

The interim agreements signed between the EU and south eastern African countries (Comoros, Zambia, Zimbabwe, Madagascar, Mauritius and Sechelles), included issues other than access to markets, such as conflict resolution mechanisms, rules of origin, fisheries and trade defence mechanisms. In addition, the agreement text itself included a clause establishing the continuation of negotiations on services, investments, agriculture, intellectual property, public procurement, sanitary and phytosanitary standards, technical barriers to trade, among others. According to a statement issued by the European Commission in January 2009, "all these issues are currently under discussion"[3].

Finally, in the interim EPA signed with the Eastern Africa Community (Burundi, Kenya, Rwanda, Uganda and Tanzania), a specific agreement on fisheries was included, as well as chapters on access to markets, rules of origin and conflict resolution. As

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in the previous case, a commitment to negotiate all items of the Global Europe strategy was included: services, public procurement, investment, agriculture, intellectual property, technical barriers to trade, etc.

These interim EPAs also contain clauses banning export and import restrictions. In the EPA with Cameroon (Art.22) it is established that "after the coming into force of this Agreement, all prohibitions or limitations on imports and exports affecting trade between both parties will be eliminated, except customs rights, taxes and other expenses referred to in article 18, which are executed through import and export permits or through other measures"[4]. The same is established in the EPA with Cote d´Ivoire [5]. In many southern countries, restrictions to exports are part of the trade regulations to promote industrialization, diversification of economy, and to prepare countries for a potential domestic supply crisis, particularly relevant in the case of staple foods. All these possibilities are banned under EPAs.

It is worth highlighting that, in addition to trade provisions, all the agreements signed include aspects of "cooperation for development" and financial and technical assistance by the EU for adaptation to, and the level of governance required for the implementation of, the new EPA regime. However, it is unclear how the EU will continue cooperating with those countries that haven't signed EPAs.

The African continent, particularly its natural resources, has an important place in the EU Raw Materials Initiative (see section 2). It explicitly states that "Many important raw materials are located in developing countries in Africa or in other developing countries. There is an obvious case for coherence between EU development policy and the EU's need for undistorted access to raw materials in order to create win-win situations: Good governance, transparency of mining deals and mining revenue, a level playing field of all companies, financing opportunities, sound taxation regimes and sound development practices are beneficial for both developing countries and the EU's access to raw materials." (Page 9)

1 ttp://ipsnews.net/news.asp?idnews=40137

2 Fact sheet on the interim Economic Partnership Agreements SADC GROUP. http://trade.ec.europa.eu/doclib/html/142189.htm

3 Fact sheet on the interim Economic Partnership Agreements EASTERN AND SOUTHERN AFRICA (ESA). http://trade.ec.europa.eu/doclib/html/142193.htm

4 Text EPA UE – Cameroon, Art. 22 (French). http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2009:057:SOM:FR:HTML

5 Text EPA UE – Cote d'Ivoire. Art. 18 (French). http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2009:059:SOM:FR:HTML

seven Global Europe in Latin America: another 500 years?

The territories of Latin America have historically been, and continue to be, a key space for the expansion and reproduction of European capital. This role imposed on the continent has led to an historical and structural ecological debt. To guarantee the continuity of this favorable context for European corporations over time, the EU has initiated a “new phase” in its relationship with Latin America over the last decade based on the foundations of free trade and unlimited security, and benefits for its companies and their operations in the region.

Prior to the 1990s, the relations between the EU and Latin America were classically divided into three interdependent pillars with equivalent levels of relevance: cooperation, political dialogue and economic partnership. But this classic format has been modified substantially during the last 20 years of Latin American participating in the global neoliberal economy, which has led to trade liberalization, privatizations, deregulation of investments and financial openness. As a result, the trade related pillar has increasingly dominated the other two, and any progress in terms of cooperation and political dialogue is subordinate to progress made in trade agreements.

Formally, this process started in 2005 when the European Commission sent a communication to the European Council and Parliament entitled “A Stronger Partnership between the European Union and Latin America”[1]. The approval by these EU bodies provided an endorsement to a strategy that targets the “consolidation of dialogue and cooperation” through the launching of an economic partnership.

The aims of this new EU strategy for Latin America are to:

- *“establish an enhanced strategic partnership through a network of association agreements (including free trade agreements) involving all the countries of the region and liable to contribute to the integration of the region as a whole;*
- *have genuine political dialogues which increase the influence of both regions on the international scene;*
- *develop effective sectoral dialogues (e.g. on social cohesion or the environment) with a view to the sustainable reduction of inequalities and promoting sustainable development;*
- *contribute to the development of a stable and predictable framework to help the Latin American countries attract more European investment, which will eventually contribute to economic development;*
- *tailor aid and cooperation more to the needs of the countries concerned...”*

Clearly, the most important component of the new strategy is trade association. The EU is currently the “second economic partner” for the Latin American and Caribbean (LAC) region, with a volume of trade that accounts for 160 billion Euro and 14% of LAC’s foreign trade (2007). The northern bloc is also the main donor of cooperation funds for Latin America and the Caribbean. The EU also presents itself as the alternative to countries’ dependency on North American market and capital, which are hegemonic in the region.

The bi-regional trade structure indicates that almost half (45%) of Latin America and the Caribbean’s total exports to the EU are agricultural and energy products, while two thirds (68%) of the EU’s exports to Latin America and the Caribbean are comprised of machinery, transport equipment and chemical products – high value-added products or even capital assets. Another relevant fact is that European companies occupy dominant positions in strategic economic sectors such as electricity, banking and financial services, telecommunications and energy.
Those large European companies already operating in Latin America will benefit most from the free trade agenda that the EU is promoting through association agreement negotiations with Central American, Andean, and MERCOSUR countries; and through “Strategic Association” with Brazil and Mexico. The free trade agreements that the EU has signed with Mexico and Chile, and the negotiations that have already been concluded with CARICOM, also need to be considered in that regard.

Finally, another element that should be included in the analysis of the power enjoyed by these European companies in the region is the existence of many reciprocal investment protection agreements. These are bilateral treaties between the countries that receive investments in Latin America (host countries) and the European countries where the investor companies’ headquarters are located. These protection agreements are tools that “armor” the companies, protect them, and serve as a tool to exert pressure on the governments of the host countries when TNCs consider their profits could be affected by states’ policies, regulations and legislation. These agreements were often signed between Latin American and European countries during the 1990s to attract foreign direct investments. As a result of an annual increase in levels of foreign direct investment in Latin America, we are now witnessing a series of side effects that are, as we will see, negative for many social sectors in the region.
In some cases, these investment protection agreements have been extremely important for companies to be able to avoid their environmental, economic, cultural and human responsibilities. By November 2008, there were 12 Latin American countries facing a millionaire legal action initiated from TNCs (the majority European companies) operating in their territories, through the dispute settlement tribunal that operates within the World Bank’s sphere, the ICSID.

And this is not all. All countries in the region are under pressure from companies threatening international legal action to per-

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continued

Box: Crisis in the Andean Community of Nations: The disease and the remedy

One of the main negative impacts that "Global Europe" is already causing in Latin America is the deterioration of regional integration processes, particularly in the Andean Community of Nations (CAN). Due to the European demands in negotiations, the Andean bloc has been divided in two: on one side the Colombian and Peruvian governments, willing to give in to the wide range of European Union liberalization demands, and on the other side, Bolivia and Ecuador, which are much more critical of the free trade agreements being proposed by the EU.

In July 2008, the European Commission decided to "freeze" negotiations for an association agreement with the CAN bloc (made up by Bolivia, Colombia, Ecuador and Peru), arguing that in CAN there was "an absence of joint positions, especially in the sub-groups on trade and sustainable development and intellectual property". Later on, in January 2009, the Council of Ministers of the EU authorized bilateral negotiations around the trade pillar with the governments of Peru and Colombia, leading to the resumption of negotiations without Bolivia, putting an end to the negotiations between blocs. This contradicts what the EU had stated when the process started, that fostering the Andean regional integration was of the greatest importance to them.

The EU's decision to continue negotiations with Peru and Colombia without Bolivia and Ecuador is further evidence of the orthodox neoliberal agenda behind the EU association agreements. In fact, Bolivia had presented a concrete proposal to negotiate with the EU, which set out concrete goals on market access, emphasised the sovereign decision to leave issues such as services, intellectual property, government procurement and investments protection frameworks off the table.

Bolivia proposed a tariffs exemption system that would be linked to its targets for exports to European markets. In other words, instead of negotiating an automatic tariff exemption scheme, Bolivia would eliminate its tariffs only after meeting EU export goals. Before any further trade liberalization could occur, concrete positive effects would need to be evaluated. As Bolivian exports of value-added products to the EU increased, tariffs for that year would be cancelled when specific annual goals were reached. . If export goals were not achieved, the exemption would be postponed an extra year.

These concrete alternatives formulated by Bolivia are captured in the idea of a Peoples' Trade Treaty (PTT). The objective of such a Peoples' Trade Treaty is not the liberalization of markets; it is about integration, productive complementarity, and trade cooperation, aimed at regulating and limiting the rights of foreign investors and TNCs according to individual countries' development strategies.

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This proposal, different from the FTAs, aims to ensure the policy space required to protect and subsidize each country's strategic and sensitive sectors. In the area of services, for example, the PTT's criteria is that basic services such as water, electricity, education and health are public goods that must remain in the State realm, and their provision, commercialization and distribution can not be handed over to the market. In relation to Government Procurement – another strategic chapter of the FTAs- there is a provision in the Peoples' Trade Treaty for national companies to be the exclusive providers of goods and services contracted by the State, even when they are more expensive what could be provided by foreign companies.

Without remedy

Following the resumption of the negotiations with Colombia and Peru in relation to Intellectual Property, the EU proposed a series of rules for the Data of Proof (the data on research protocols for the production of medicines) which included a protection period of 11 years, the extension of the validity period for patents to a minimum of 25 years, and stronger sanctions for the violation of intellectual property. Altogether this means going beyond the provisions included in the FTA between the Andean countries and the US (Colombia and Peru had agreed on a 5-year protection for the Data of Proof in the FTA with the US) and even higher protection levels than those in place in the EU.

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suade the governments of those countries shape policies and regulations that benefit the TNCs. This means that demands in international tribunals are not the only means to challenge national sovereignty, but in many cases TNCs do not need to pursue legal action as they use the very threat of action to obtain the policies and regulations that will serve their interests.

Government Procurement

The offensive interest of the EU in terms of Government Procurement is, in the first place, to establish a set of rules based on the principles of transparency, national treatment and non-discrimination that would provide effective and reciprocal access to the government procurement market of each of the Parties. According to the Government Procurement section of the draft text of the Association Agreement under negotiation between the EU and Central America, both blocs "set as their objective the effective, reciprocal and gradual opening of their respective procurement markets." This includes government procurement of goods, services or any combination of both.

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Opening the procurement market implies not only the possibility for providers from one of the Parties to access contracts for the provision of services or goods required by the government bodies from the other Party, but also a very detailed series of provisions related to the transparency of the public tendering process, access to the necessary information, suitable timetables and deadlines for foreign providers, facilitation of their participation in tendering, and also the possibility for the providers to appeal in case there has been demonstrable discriminatory treatment to benefit other providers, either local or foreign.

Even though this chapter sets out reciprocal rights and duties, the fact is that European companies and providers will be the ones to gain access to the Central American government procurement markets, given that it will be very difficult for Central American companies –due to their lack of competitiveness and the obvious existing asymmetries—to gain access to any kind of contracts for the provision of goods or services to the EU and its member countries' governmental bodies.

The EU also offered to annex a cooperation component for Central American countries around Public Procurement as a means of "modernizing" the mechanisms through which the governments of the region announce and conduct their tendering processes for issuing service contracts and for the purchase of inputs. A sort of long term strategy to facilitate access for European companies to government procurement markets. The opening of government procurement that the EU is aiming for in the framework of the Association Agreements includes not only the contracts and purchases of central governments, but also those of the provincial governments and local administrative bodies.

It is clear that government procurement can be used efficiently as a very effective instrument to boost economic development in various sectors in the respective countries, or even as an instrument to secure the very existence of small and medium-sized companies and cooperatives. If government procurement markets were preserved exclusively for local providers, and especially for small and medium-sized local companies, this would generate a virtuous circle whereby the product/benefit flow remains within the national economy.

This is precisely what becomes impossible when government procurement markets are opened to foreign providers; the EU has a clear offensive interest in this sector given that it wants to generate business opportunities for its own big transnational corporations, which will be able to offer lower prices to the Central American countries as a result of the scale of their production capacity. The result is a system that implies that the goods or services provided are generated out of the recipient country, and the benefits leave the country rather than remaining within its borders.

1 Available online at: http://ec.europa.eu/external_relations/la/docs/com05_636_en.pdf

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The impacts of Global Europe on European People

Adapting the European internal regulatory framework to the external trade agenda

If trade policy was already an instrument to introduce policy reform at home via the WTO and bilateral negotiations, it will now also directly dictate domestic reform. "The internal and external dimensions of competitiveness are inextricably linked," says DG Trade. Getting rid of all barriers that hinder the operations of companies and making sure that all regulations are minimally "trade distorting" must be the agenda of the EU at home and abroad.

Breaking down the regulatory environment seems to be the EU's most important strategy for increasing the EU's its external competitiveness. This includes SPS and TBT requirements, regulations on services, public procurement, and also the IPR, investment and competition policy regimes of third countries. What is to be expected is more competition, more flexibility, and more deregulation.

The Global Europe Communication advocates for more competition within the EU and for the harmonisation of internal standards with those of other trading partners (notably the US). The Commission also wants to listen to foreign and domestic corporate grievances before making any decisions "affecting the market" – including those on environment, health and social regulations.

This is linked to the Commission's recent practice of streamlining "competitiveness impact assessments" and "administrative burden impact assessments" in all areas of EU decision-making as a way to increase the "business-friendliness" of EU policies. This new policy was a key demand of business and industry lobbies.

The logic is simple: in the face of global competition, salaries will always be "too high", working conditions "unadapted" and social and environmental standards "penalising" for European companies.

The EU external trade "experts" are well aware that the competitive liberalisation dogma they promote will have severe social consequences. They "recognize the potentially disruptive impacts" of their proposal, specifically for the poorest regions and workers in Europe. As a response, they put forward a European Globalisation Adjustment Fund[1] and other cohesion policy programmes, in order to "equip people for change". Basically, we know that the policy is bad for people, but corporate interests first!

In order to support external competitiveness and better serve the EU's economic and business interests, external considerations must be taken into account when setting key internal policies. The completion of the single market and increasing internal competition is key to this, but the main focus is again on the regulatory framework. Internal rules and practices should be made more consistent with the rules and practices of the EU's trading partners, and less "trade restrictive".

The external dimension must be taken into account at an early stage of decision-making in order to minimise regulatory frictions with trading partners. "International regulatory cooperation is the right tool", says the Commission, "helping to choose the least trade restrictive system, minimize the cost of regulations for domestic business and 'upstream' dispute resolution... One good example has been the consultation process for the REACH directive where the voice of the industry outside Europe became heard.... We should be ready to improve our level of transparency, prior information, chance to comment...".

While the Commission uses REACH as a positive example, NGOs argue that, REACH demonstrates how the lobbying activities of the chemical industry undermined legislation that was designed to protect people and the environment [2].

In fact, it was the European business lobby that called on non-European companies to intervene in the legislative process. Interestingly, the European Parliament found that large TNCs exporting a few bulk chemicals would largely bear the costs [3].

But clearly the pressure of the giant corporate lobby industry is not enough for the Commission; in future the Commission will call in non-EU corporate interests to take part in the decision-making process. The Commission wants to be more transparent (to foreign business, not to its own civil society) and wants to listen to foreign corporate grievances before making decisions "affecting the market" – decisions such as those on environment, health or social regulations. This will make the EU even more undemocratic. Finally, the Commission also wants to equip people for change. The Commission is aware that if it wants ambitious agreements serving EU corporate interests, then it will also have to offer something in return. The Commission is prepared to open up sensitive sectors of the EU economy while admitting this will bring about "transformations which are disruptive to some in the EU".

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Therefore, the Commission will open up the EU, but will seek transition periods, safeguards, etc. It promises to equip some people for these changes with education and active labour market policies through the so-called Globalisation Adjustment Fund. For those who will find no jobs, no policy is developed, even while an increasing number of economists are starting to worry about increasing unemployment, the working poor and the lack of distribution of wealth. For consumers, the Commission promises measures so that the positive effects of trade opening and lower prices from lower tariffs "are not captured by specific interests".

The European Trade Union Confederation (ETUC), the largest representative body of European workers, has raised warning flags about this trend: "European regulations and standards must not be governed solely by the imperative of competitiveness if this concept is limited to maximizing the share of the global market held by multinationals operating in Europe. A fortiori, standards must not be established in consultation with businesses outside the Union. The aim of achieving regulatory convergence with the United States at all costs would not take forward European prosperity, built on high social and environmental standards. On the contrary, Europe should seek to project its standards outside the Union through all its policies"[4].

1 The GAF has a budget of 500 million Euros/year and supports workers that got laid off due to structural changes due to globalisation. The funds are mainly used for compensating workers employed by big TNCs, not SMEs.

2 Seattle to Brussels Network, Corporate Power over EU Trade Policy: Good for business, bad for the world, 2006, p.38; http://www.s2bnetwork.org/download/Corporate_power_over_EU_Trade_policy.

3 WWWF, Response to "EU Trading Partners" statement, 9 June 2006, Brussels

4 ETUC, On the Communication 'Global Europe: competing in the world', Resolution adopted by the ETUC Executive Committee in their meeting held in Brussels on 7-8 December 2006; http://www.etuc.org/a/3390

5 ETUC, On the Communication 'Global Europe: competing in the world', Resolution adopted by the ETUC Executive Committee in their meeting held in Brussels on 7-8 December 2006; http://www.etuc.org/a/3390

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In conclusion, the essence of the proposed strategy comes down to this: if the EU wishes to maintain its competitiveness in the global market, it must step up its efforts to create opportunities for its companies abroad, targeting especially the overall regulatory environment in third countries. But in order to build strong companies, the EU should also create a more business-friendly environment at home.

Goodbye to the European social model; here's to naked globalisation for all!

Legitimising the race-to-the-bottom

Of course, this is not a new trend. Deregulation, liberalisation privatisation, increasing job insecurity and precariousness, labour flexibility, reduction of social expenditure, and so forth are all part of a phenomenon that Europe has been undergoing for nearly 30 years.

The new thing about the Global Europe doctrine, however, is that the EU has willingly chosen to abandon a certain "social-liberal sustainable development" discourse to wholeheartedly embrace the principles of ultra-liberalism. Through its extreme ideological lens, the EU no longer regards its high social and environmental standards as Europe's "competitive edge" in the global economy. On the contrary, it tends to promote the idea that these standards are old-fashioned 'privileges' in times of modern and fast-paced economic globalisation. Social and environmental regulations are presented by Global Europe's supporters as a "luxury", and, of course, such a luxury cannot be sustained if the EU wants to be competitive in global markets. If it wants to survive, it is time for Europe to make compromises now.

Economically speaking, the advantages of the Global Europe strategy are also not obvious for workers in the European Union. Possible trade increases, for example with Asian countries, are set off by negative effects due to shutdowns or relocations of European companies. Recent experiences following the phase-out of the WTO Agreement on Textiles & Clothing have clearly shown this. The reason is that transnational corporations (TNCs), as the main target and beneficiary of Global Europe, do not really care about the physical location of their activities. Their interest is in building up well-working "value chains" by transnationally organising the sourcing, processing, distribution and consumption of products wherever the costs are cheapest and wherever the most value is added for the company's shareholders.

Global Europe is based on the interests of European-based TNCs to lower such transaction costs across the board, making it as easy as possible to relocate production and to place final products indiscriminately on the EU's or other markets. Reciprocity in trade agreements will enable TNCs to enjoy such freedoms independent of whether they operate from the EU to the outside or from the outside to within the EU. However, non European-based TNCs will also be enabled to do the same. Both factors will increase competition within the EU tremendously, spurring the drive to relocation, also for medium sized industries. Reciprocity will, indeed, blur any possible distinction between "global competitiveness" and "competitiveness of and within the EU".

Again, the ETUC has expressed severe concerns about the re-orientation of the EU's trade policy which, it says, "is a flagrant contradiction with the Commission's commitments to improve coherence between trade policy and development, social and environmental objectives. These commitments are asserted in a number of communications, notably the Decent Work Communication of May 2006 and the 2004 Communication on the Social Dimension of Globalisation (...) The [Global Europe] Communication sees rules and standards as nothing more than obstacles to trade or 'red tape'. Yet the rules represent collective preferences"[5].

Adapting the European social and environmental framework to the external competitiveness agenda of corporations leads the EU to an impasse. By surrendering the EU project to corporate interests, Brussels runs the risk of a growing anti-European feeling among the population.

Is there no alternative?

The Global Europe agenda leaves aside a big question: what if the EU were actually so powerful that it could drive economic globalisation? The EU is the world's largest trading bloc. Yet it is behaving as if it had no grip on globalisation. It is acting as if deregulation in environmental and social domains were inevitable, some sort of natural law.

But Europeans must not be blinded: the EU has the power and the teeth to stir up change, and to give new directions to the world trade system.

Europeans have nothing to lose in keeping their environmental and social standards high. At the contrary, they have everything to gain: this is where Europe is a world champion; this is where it is making a difference; this is what it should promote to other countries. Europeans should not give in to social and environmental dumping. Sustainability is not a privilege of the rich. It is Europe's only hope, and Europe's only future.

nine EU-Asia: Quick paths to FTAs

josé eloseguí

Since mid-2007, the EU and India have been negotiating an Free Trade Agreement (FTA). The process of negotiating a FTA with South Korea is further along, and negotiations are likely to be concluded in March 2009.

In contrast to what is happening with other Partnership Agreements, the one under negotiation between the EU and South Korea has provoked resistance from European countries. They fear the negative effects that the reduction of tariffs on imports entering the EU could have on their domestic industries. However, for Catherine Ashton, the EU Trade Commissioner, the concerns of some EU countries about the impacts of automobile imports from South Korea should not prevent the agreement from taking place. Despite these differences, everything seems to indicate that the agreement will be signed in April 2009.

The process with India has been more complicated, and despite its progress has ignited resistance from different sectors, in particular from peasants, unions and human rights organizations. Negotiations began in June 2007, and following six rounds of negotiations the agreement is expected to be signed during the first months of 2009.

In December 2008, a network of organizations and social movements from India called "Forum on FTAs" demanded the immediate suspension of the negotiations, stating the negative impacts it would have on India. If the agreement were to be

nine EU-Asia: Quick paths to FTAs

continued

signed and ratified, India would experience a deep reduction in its ability to implement public policy. Forum on FTAs, which unites over 75 labor, peasant and fisher organizations, warns that the "large-scale job losses in the non-organised sector, serious undermining of India's development goals in agriculture, health care and access to knowledge (in the form of denial of farmers' right to seeds, increase in prices of medicines etc.), will have a a detrimental impact on small and medium enterprises of the proposed opening up of government procurement to EU companies...[1]"

According to Harekrishna Debnath, chairperson of the National Fishworkers' Forum "there is a possibility of European fishing vessels entering Indian waters, impelling the livelihood of local fishermen"[2].

By the end of January 2009, Peter Mandelson, the former Trade Commissioner of the EU, promoted the speeding up of the Agreement with India in order for it to be concluded in 2009, as a way of taking advantage of the deepening of the economic crisis. According to Mandelson, the international economic crisis increases the benefits of signing an India-EU agreement.

The process of bloc-to-bloc negotiations between the EU and ASEAN started in May 2007 and has involved six rounds of negotiations. The EU considers the pace of negotiations very slow, and is now proposing to negotiate bilaterally with countries including Vietnam, Singapore, Indonesia, Thailand and the Philippines. So far, ASEAN members have agreed to reduce trade barriers and to open up service markets. ASEAN countries prefer to sign a region-region agreement instead of going through bilateral negotiations between the member countries and the EU. In addition, some of the ASEAN member countries are concerned about the dangers posed by liberalization on their new industries.

Agreements with Papua New Guinea and Fiji

In November, 2007, the EU signed interim Economic Partnership Agreements with Papua New Guinea and Fiji, the largest economies in the Pacific Islands region. With the other ACP countries of the region, the EU "regularized" the end of trade preferences provisioned by the Cotonou Agreement (December 31st, 2007) integrating on one side Kiribati, Samoa, Vanuatu, the Solomon Islands and Tuvalu as "Least Developed Countries (LDC)" with the "Everything But Arms" initiative which authorizes the entrance of products without paying tariffs. On the other side, the countries that didn't sign interim agreements and are not considered as LDC – the Cook Islands, Tonga, the Marshall Islands, Micronesia, Niue, Palau and Nauru, were incorporated into the Generalized System of Preferences in 2008.

With the interim agreement signed with the EU, Papua New Guinea and Fiji´s exports (with the exception of sugar and rice, which are subject to deadlines) are not subject to taxes when entering European markets. In the case of Papua New Guinea, this mainly benefited the production of palm oil, which is entirely exported to Europe. The promotion of palm oil production leads to an increase of the land allocated for this crop, in one of the most biodiverse countries on the planet.

At the end of 2008, the World Rainforest Movement and Friends of the Earth International's Forests and Biodiversity program carried out a process of participative research with rural communities and women´s groups in Papua New Guinea. The research, showed how the expansion of palm oil production is affecting the territorial rights of rural communities, and is worsening deforestation and water pollution due to agrotoxins [3].

The interim agreements signed with Papua New Guinea and Fiji included a clause which established that both countries should continue to participate in bi-regional trade negotiations in order to reach full agreement in every component under negotiation with other regions. These negotiations integrate the 14 countries of the region, and in addition to the chapter on goods, they include chapters on fisheries, competition and environmental measures. The EU states that provisions on Intellectual Property, Services and Public Procurement must also be negotiated.

The cooperation funds of the EU have a strong presence in the Pacific Islands. The EU would spend a portion (approximately one third) of existing cooperation funds for the concrete implementation of the Economic Partnership Agreement.

Chapters on Fisheries

Another crucial aspect for the Pacific, Caribbean and some African countries –especially from the South and East - is the chapters on fisheries. The goals of the provisions being advanced by the European Commission in this specific agreement are to "prevent, stop and eliminate" ... "illegal, unreported and unregulated fishing" (IUU fishing), by making use of the Catch Certificate.

In addition, regulations in these specific agreements (in the cases of South East African and Pacific Island countries) include provisions on sanitary and phytosanitary measures and rules of origin: that is, aspects related to the trade regime of fishing products of the agreed interim EPA and the "full EPA" under negotiation. The European Commission responded to the

nine EU-Asia: Quick paths to FTAs

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concerns around these specific agreements on fishing with an official statement published in July 2008, stating that "Bilateral Fisheries Partnership Agreements should not be confused with EPAs. Whereas the former concern access to fishery resources, EPAs are about trade and development and do not go into the details of access quotas to fish stocks or licences for fishermen"[4]. The regulation to prevent illegal fishing does not differentiate between types and methods of fishing, but it does establish general regulations that are applicable under all circumstances, despite the fact that not all those involved in fishing can comply with these regulations. A clear example is the situation of the artisanal fisherfolks who are responsible for supplying domestic markets. The regulation promoted and the conditions demanded for the validation of the catch certificate are in most cases unattainable for artisanal fisherfolk communities, thus rendering them illegal.

1 The Economic Times, "Be Suspicious of India-Eu pact", 2 de Diciembre de 2008. Disponible en: http://economictimes.indiatimes.com/Opinion/Be_suspicious_of_India-EU_pact/articleshow/3782123.cms

2 The Financial Express, "Proponed India-EU FTA draws flak", November 27 2008. Available http://www.financialexpress.com/news/proposed-indiaeu-fta-draws-flak/391107/0

3 Report available: http://www.wrm.org.uy/subjects/women/fullreport.pdf

4 Fishing for the truth: Is Europe really destroying African fisheries' industry? EC, July 2008 Pag. 2 (In English and French). Available at: http://trade.ec.europa.eu/doclib/html/140019.htm

ten conclusions

pablo cardozo

In these times of global environmental and financial crisis, the European Union should play a different role. As presented in this document, EU proposals for a wide range of sectors in the framework of free trade negotiations are felt as coercive – or as threats – by small impoverished countries with fragile economies.

A close reading of "Global Europe" reveals that this new foreign trade policy of the EU is an attempt to respond to the global changes resulting from the strong entrance of the so-called emerging economies, particularly India, China, Brazil and South Africa, to the economic globalization playground.

"Global Europe" is aimed at advancing a set of policies on the basis of fear: fear of losing markets, of lack of supply, of China, of another kind of globalization. The most powerful economic sectors in the EU support the Global Europe strategy, and consider that it should be even more aggressive in terms of access to markets and openness to new business opportunities in the areas of Services, Intellectual Property and Public Procurement. The response to fear is to become more aggressive, and the peoples of the Global South, including those from Europe, are the ones who suffer the consequences.

But "Global Europe" is not only about free trade negotiations. It is also about the power that the big European companies already have in all regions they operate, and in all economic sectors they control. The agreements under negotiation by the European Commission can only increase the power currently held by these companies, thus strengthening the already powerful, and further weakening the weak.

And "Global Europe" is after all also about financing and so-called "cooperation for development". The European

ten conclusions

financial institutions involved in financing infrastructure projects for the extraction and exploitation of natural resources, such as the European Investment Bank, enable the territorialization of European capital in the regions where free trade agreements are being negotiated with the EU. It is increasingly clear that these European financial institutions favor projects that benefit big European companies. Those loans ultimately become debts for the "beneficiary" countries, and thus in reality are most beneficial for the economically powerful sectors of the EU.

The EU could and should play another role at this point in time. It should not abuse its role as the world's main source of cooperation funds by using these as a tool to pressure the countries with which it is negotiating trade agreements.

In order to be genuine, cooperation should be channeled as a way to compensate the peoples of the South for the historical ecological debt accumulated by the Northern countries. That ecological debt enabled Europe to position itself as one of the most powerful economic powers. Thus cooperation funds shouldn't be spent on creating institutions to manage free trade agreements which will expand and perpetuate unfair asymmetric relations, as they are being used today.

The current negotiations of free trade agreements, which are being advanced to benefit European transnational companies, must be halted and the policies and regulations already in place as a result of such negotiations should be reversed. The human rights abuses perpetrated by European companies must be investigated and judged, their extractive projects should be stopped, and the damages caused should be repaired. And finally, the new foreign relations strategy of the EU - Global Europe - must be dismantled.

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