

EUROPEAN TRADE POLICY

DISINTEGRATING REGIONS



FOREWORD

IN TODAY'S WORLD, INTERNATIONAL TRADE AND COMMERCE HAVE AN IMPACT ON ALMOST EVERYTHING, FROM THE USE OF NATURAL RESOURCES AND ACCESS TO MEDICINES TO FOOD SOVEREIGNTY AND RELATIONS WITH NEIGHBOURING COUNTRIES.

► **THIS REPORT LOOKS AT THE RULES** that govern trade between developing countries and the European Union.

The EU is currently negotiating bilateral or regional trade agreements with over a hundred countries. All of these negotiations aim at freer trade. The production of services, food and industrial goods is being opened to private and foreign investors and traders.

Not all barriers are being removed, however. Trade agreements make patents and copyrights stronger, so the production of medicines and technology actually becomes less free. Europe is also holding onto the right to subsidise its own agriculture.

The EU says that a key goal of these regional free trade agreements is to boost regional integration among developing countries. This could greatly speed development and poverty reduction. But in practice, trade nego-

tiations seldom acknowledge existing, locally created regional integration processes.

This publication seeks to shed light on all of these concerns, with a focus on the EU's trade negotiations with the four regions where KEPA has offices: Central America, Southeast Asia, Southern Africa and Eastern Africa. The motivation for this publication came from the realisation that the main concerns of civil society in all of these regions are similar.

The report has been jointly produced by KEPA and civil society organisations (CSOs) in developing regions. We hope that it will stimulate discussion and increase awareness of the importance of trade rules and the measures that must be taken to make trade serve people, and not vice versa. ◀

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CONTRIBUTORS:
Linda Lönnqvist (KEPA, Tanzania)
Noah Metheny (FTA Watch, Thailand)
Tytti Nahi (KEPA, Finland)
Humberto Ossemame (KEPA, Mozambique)
Warangkana Rattanasat (KEPA, Mekong region)
Toni Sandell (KEPA, Nicaragua)
Theerada Suphaphong (FTA Watch, Thailand)
José Ángel Tolantino (FUNDE, El Salvador)
Tania Vanegas (Centro Humboldt, Nicaragua)

EDITED BY:
Henri Purje, Esa Salminen,
Toni Sandell, Fran Weaver

DESIGN:
Maija Pietikäinen, Suvi Savolainen

COVER PICTURE:
Pekka Rahkonen

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TO ENHANCE TRADE JUSTICE:

- Trade agreements need to be shaped by following a pragmatic analysis of their social and environmental impacts.
- Elected parliaments, small-scale producers and civil society organisations must be able to participate in the shaping of trade policies, to promote democracy and ensure the voices of the poor are heard.
- Regional trade talks must build on existing regional integration initiatives.
- Developing countries need the right to develop their domestic production and trade by protecting and supporting local producers. In regional trade deals this should translate to flexibility in tariff cuts and effective safeguard mechanisms.
- Developing countries must be able to influence the agendas and schedules of trade negotiations. Many negotiations become bogged down due to their unrealistic agendas and schedules.



Conquering the world – The EU already has regional trade deals with more than 20 countries and is negotiating further deals with more than 100 countries.

REGIONAL TRADE NEGOTIATIONS: A MESSY BOWL OF SPAGHETTI

THE EU IS SEEKING TO CONCLUDE TRADE DEALS WITH MORE THAN 110 COUNTRIES. BUT THESE NEGOTIATIONS THREATEN DEVELOPING COUNTRIES' OWN REGIONAL INTEGRATION INITIATIVES, AND WILL COMPLICATE THE INTERNATIONAL TRADE SYSTEM.

► **TRADE RULES INFLUENCE** people's everyday lives in many ways.

Foreign investments in natural resources may bring jobs to local communities, but also take their lands and weaken environmental sustainability.

Trade policies affect food security and food sovereignty. Recent decades have seen the rapid growth of large high-tech farms and multinational agribusiness. An increasing number of countries have become net importers of food.

The prices and availability of medicines are also influenced by international patent regulations. As more and more countries observe strict patent rules, it becomes harder to find affordable medicines to treat diseases such as AIDS and cancer.

REGIONAL INTEGRATION UNDER THREAT

International trade negotiations also threaten many existing regional integration initiatives. This is not intentional – in its own rhetoric the EU stresses the importance of integration and says that trade talks should strengthen integration processes. So trade talks are meant to lubricate the wheels of regional integration, not to throw sand in them.

But in practice, trade negotiations seldom build on existing, locally created regional integration processes. Initiatives such as ASEAN in Southeast Asia, SACU and SADC in Southern Africa, and Mercosur in Latin America are all under strain because their member states are now separately negotiating customs unions with third parties.

The saddest examples of regional disintegration have resulted from the talks on Economic Partnership Agreements between the EU and African countries.

The aggressive and hurried negotiating approach adopted by the EU and other industrialised countries has aggravated this situation. The saddest examples of regional disintegration and disarray have resulted from the talks on Economic Partnership Agreements (EPAs) between the EU and groups of African countries. These deals were meant to be signed by 2007, but by this date the only significant change was that each of the five African negotiating groups had broken up.

A FRAGMENTING TRADE SYSTEM

Until recent years, trade rules were mainly shaped through multilateral negotiations at the World Trade Organisation (WTO). Developing countries comprise the majority of the WTO's 153 member states, and they have

UNEVEN NEGOTIATIONS

The EU and its member states have thousands of highly educated and experienced trade negotiators based in Brussels, Geneva and national capitals.

The negotiation teams of many developing countries, on the other hand, include just a handful of people. The last major ministerial meeting of the World Trade Organisation, held in Hong Kong in December 2005, was attended by just three negotiators from Burundi, while the EU's delegation included more than 800 experts.

Developing countries have even less leverage in regional trade negotiations than in WTO processes. When only a few developing countries are involved, they cannot benefit from strength in numbers or pool their experiences to the same extent as in wider multilateral fora.

It has been suggested that the EU has intentionally favoured regional processes as a "divide and rule" strategy to advance its goals on free trade.

Sometimes the regional talks have been so hurried that developing countries' negotiating teams have not even had time to receive a clear mandate from their national governments. One such case is Central America, where an association agreement with the EU was finalised in May 2010, without ever receiving a joint mandate from the five Central American countries involved in negotiations.

TYTTI NAHI

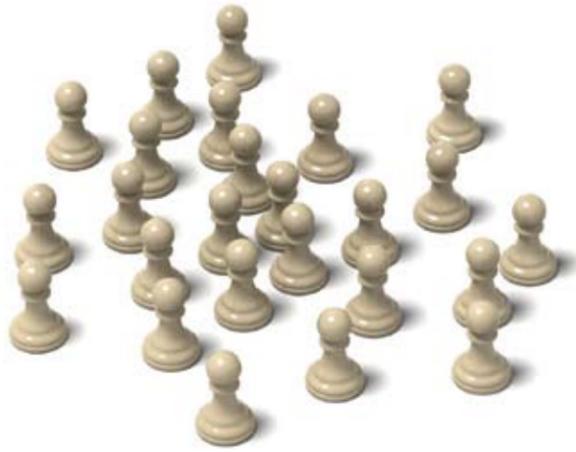
gained increasing influence within the organisation.

Today, however, the wealthiest economies are growing wary of multilateralism and seek new ways to reach freer trade faster. This has led to a proliferation of bilateral and regional trade deals among smaller groups of countries.

The international trade system is increasingly being described as resembling a messy bowl of spaghetti. Many countries have signed dozens of regional trade agreements with differing and even mutually contradictory rules.

This fragmentation has not been purposefully steered by any one country. Rather, it has been encouraged by large companies from all over the world. Even so, it is fair to say that the EU is one of the strongest engines of this trend. It already has regional trade deals with more

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Divide and rule – It has been suggested that the EU has intentionally favoured regional processes as a “divide and rule” strategy to advance its goals on free trade.

than 20 countries and is currently negotiating with almost 110 others.

AIMING FOR FREE TRADE

Bilateral and regional trade negotiations involving the EU are variously named. But such economic partnership agreements (EPAs), association agreements and free trade agreements (FTAs) are all designed to liberalise and deregulate international trade.

As a result, the production of services, food and industrial goods is opened up to foreign investors and traders. The EU requires that at least 80% of its agricultural and industrial exports to partner countries or regions should be free of tariffs. At the same time European countries have been reluctant to discuss their own market-distorting agricultural subsidies.

The EU also requires that national regulations on investment, competition and public procurement should be rendered more favourable to foreign investors. Many developing countries have opposed such demands, and managed to remove them from the WTO agenda. Bilateral and regional negotiations have offered the EU a way of slipping them in through the back door.

Despite their emphasis on the virtues of free markets, trade agreements tend to make one particular set of rules less free. Intellectual property rights are usually strengthened to reduce the copying of medicines and technology. This boosts the profits of patent, copyright and trademark holders, many of which are European companies. It also makes essential medicines and technology less available.

TIME TO SLOW DOWN

Few benefit from this spaghetti mix. Diplomats and officials spend excessive amounts of time in endless negotiations. Businesses face an ever more fragmented international legal framework.

Parliamentarians and civil society organisations struggle to form a coherent overall picture of their countries' economic policies.

The EU would do well to slow down its regional trade negotiations, and accept that many of their current agendas are simply too wide. Developing countries do not have sufficient interest or resources to negotiate and implement them. ◀

TYTTI NAHI

THE WORKINGS OF THE EU

The EU was set up in the aftermath of the Second World War to bring peace and stability to Europe through economic integration. The EU's common market is today the largest economy in the world, encompassing 27 countries with a total population of around 500 million.

The EU is a regional free trade area, with harmonised trade regulations and the free movement of labour. The EU is also a political union with common for-

eign policies and shared environmental and social standards.

The main bodies of the EU are the European Parliament (representing the people of Europe); the Council of the European Union (representing national governments) and the European Commission (representing shared EU interests).

The European Commission runs the day-to-day business of the EU, includ-

ing the negotiation of trade agreements with third countries on the basis of a mandate approved by the European Parliament. But trade agreements also need to be ratified by both the European Parliament and national parliaments before they come into force.

TONI SANDELL



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PART 1

THE EU'S DOUBLE DISCOURSE ON INTEGRATION

THE EUROPEAN UNION STATES THAT A KEY GOAL OF ITS REGIONAL FREE TRADE AGREEMENTS IS BOOSTING REGIONAL INTEGRATION IN OTHER PARTS OF THE WORLD. BUT IN PRACTICE AGENDAS ARE OFTEN DEFINED BY EUROPEAN COMMERCIAL INTERESTS.

► **THE EU STRESSES** the importance of integration and claims to be strengthening integration processes through regional trade agreements (RTAs). As part of this rhetoric the EU presents itself to the world as a successful example of democratic and meaningful integration that has resulted in positive social developments.

This discourse focuses on the market. The idea is to encourage economic integration so that investors and exporters have access to broader markets. This model is sometimes called open regionalism.

Paradoxically enough, while the EU defends this type of regionalism, its own history teaches a different lesson: the European integration process has highlighted the importance of strengthening the region's internal markets rather than attracting foreign investments and accepting external dependencies.

As the following articles argue, the EU's integration policies in other regions also tend to sideline older regional integration processes, and thus weaken pre-existing regional communities. In Africa, for example, four established regional communities are today under

threat due to problems that have arisen during the negotiation of economic partnership agreements (EPAs) with the EU.

It is significant to consider why the EU is interested in promoting regional integration around the world. To put it simply, larger common markets provide better opportunities for European investors and transnational companies than limited national markets. ◀

The European integration process has highlighted the importance of strengthening the region's internal markets rather than attracting foreign investments.



A BRIEF HISTORY OF REGIONAL INTEGRATION

REGIONAL INTEGRATION HAS SERVED AS A WAY TO FORM NATION STATES AND PROTECT REGIONS FROM OUTSIDE COMPETITION. RECENTLY SUCH INTEGRATION HAS BEEN SEEN AS A WAY TO INCORPORATE DEVELOPING REGIONS INTO THE GLOBAL ECONOMY.

► **REGIONAL INTEGRATION** has been around for centuries, mainly in the form of customs unions, which served as building blocks for creating nation states, including Germany, Italy and the United States.

The most far-reaching experiment in regional integration over the last century has been the European Union.

INTEGRATION FIRST, GLOBAL MARKETS LATER

The European integration process began in the aftermath of the Second World War, principally in order to prevent devastating wars in the future. Between 1947 and 1957, integration progressed from a small customs union to a limited coal and steel community, and eventually into the European Economic Community (EEC). The focus was on strengthening the region's internal markets and production capacity.

Following the example and success of the EEC, Latin American and African countries quickly adopted regional initiatives with protectionist policies, hoping that this would speed their industrialisation and make them less dependent on Europe. Unlike in Europe, however, these experiments were often not very successful, mainly because of misguided planning and disputes between the countries involved.

NEW FOCUS ON GLOBAL MARKETS

The 1980s marked a new era. The EU started opening up its markets to imports from neighbouring countries, assuming that opening regional markets to outside competition would be beneficial. This time, too, Europe's experiences encouraged changes in developing regions.

This new type of integration has emphasised global free trade instead of intra-regional trade and import-sub-

Regional protectionism first – The EU strengthened its own internal markets and production capacity before opening up to external competition.

stitution production. It has also resulted in new North-South trade blocs where high income and developing countries are considered as equal partners. The first bloc of this kind was the North American Free Trade Agreement (NAFTA), signed in 1994 by Canada, Mexico and the United States.

These integration processes are based on the concept of open regionalism. Though somewhat ambiguous, this term is usually used in connection with the idea that free trade brings benefits to all.

Open regionalism involves promoting regional integration while keeping the external borders of the region open, with the ultimate goal being the incorporation of the region into the global economy.

ALTERNATIVE REGIONALISM

Civil society organisations have advocated a different type of regionalism, through which integration should help to create well functioning, largely self-sufficient regional entities based on social and cultural cooperation as well as economic cooperation.

One of the most important aims of this type of integration is to relieve a region of its external dependencies and restructure its production to serve local, national and regional markets. In this way developing regions can also protect themselves against the worst forms of domination by transnational economic forces and the political dominance of the industrialised countries' bloc.

The goals of this alternative regionalism are thus quite different from those of open regionalism. ◀

TONI SANDELL

THE EU IN CENTRAL AMERICA: BUSINESS FIRST

THE PROBLEM WITH THE ASSOCIATION AGREEMENT BETWEEN CENTRAL AMERICA AND THE EU IS THAT IT FOCUSES SOLELY ON TRADE INTERESTS. AS A RESULT, THE AGREEMENT MAY HINDER THE NATURAL INTEGRATION PROCESSES WITHIN THE REGION.

► **SIX CENTRAL AMERICAN** political leaders signed an association agreement with the EU in May 2010 after two and a half years of negotiations.

According to the official discourse of the EU during the negotiations, one of the main objectives of the agreement is to support Central American integration: "The economic and trade interests are minimal, given that the trade between the EU and Central America is barely 0.5% [of the EU's international trade]. That is not our objective, our objective is more altruistic," Betina Kern, the German ambassador to Nicaragua, told journalists on the eve of signing the agreement.

TRADE INTERESTS PREDOMINANT

Anyone who followed the actual negotiations might have found it difficult to agree with the German ambassador. Although the EU has repeatedly expressed a desire to advance regional integration, the discussions were clearly conducted from the perspective of trade interests.

José Ángel Tolantino of the Commerce, Integration, and Development Initiative, a Central American civil society network, emphasises that the Central American countries have already signed important protocols covering political, environmental and social integration as well as economic integration.

The new association agreement, contrastingly, is only binding with respect to economic integration, and particularly changes in the regional customs union that would guarantee European products free movement within the region.

According to Tolantino, the fact that the EU sealed the deal without making any progress in any other sphere reduces it to a mere free trade agreement.

More evidence of the EU's lack of interest in genuine integration concerns the approval of Panama, which initially only held observer status, as an official party to the agreement at a time when Panama had announced its withdrawal from the Central American Parliament.

BEGGAR THY NEIGHBOUR TACTICS

Central American countries did not have time to agree on a common mandate and objectives before beginning negotiations with the EU. This meant that the most important deals were ultimately agreed on a bilateral basis. The EU negotiated export quotas on a country-by-country basis for European powdered milk, for instance, as this issue had stirred up too much opposition on the regional level. The Central American countries were consequently left to compete against one another as each tried to strike the best deal with the Europeans.

International trade is not all – Most local people depend on local markets, which desperately need enhanced enabling environments.



ASSOCIATION AGREEMENTS: MORE THAN ECONOMIC TREATIES?

The EU and the Latin American regions are in the process of negotiating comprehensive "association agreements" that nominally cover political issues and development cooperation, as well as trade liberalisation.

However, the political and development cooperation aspects of these association agreements are subject to advances in the trade track.

The EU-Mexico agreement, signed in 1999, set a telling precedent, stating that issues agreed under the other two "pillars" will not come into effect until significant advances have been achieved in trade liberalisation.

Another expression of the EU's true intentions was the decision to proceed with the negotiation process despite a coup d'état in Honduras which led to local human rights violations and political instability throughout Latin America.

After the Honduran president was ousted by the military in June 2009, the negotiations were suspended for half a year, but soon the EU "accepted the facts" and proceeded as if nothing had happened.

The association agreement was then signed with the new Honduran president, whose regime is seen as illegitimate in most parts of the world. At the time of the signing, Honduras was suspended from the Organization of American States.

"One would expect that an association agreement would go further than a typical free trade agreement. It should mean strategic and political cooperation and include concrete measures such as sanctions – not only political sanctions, but also economic ones. But there was no price to pay for those who committed the coup in Honduras," Tolantino says. ◀

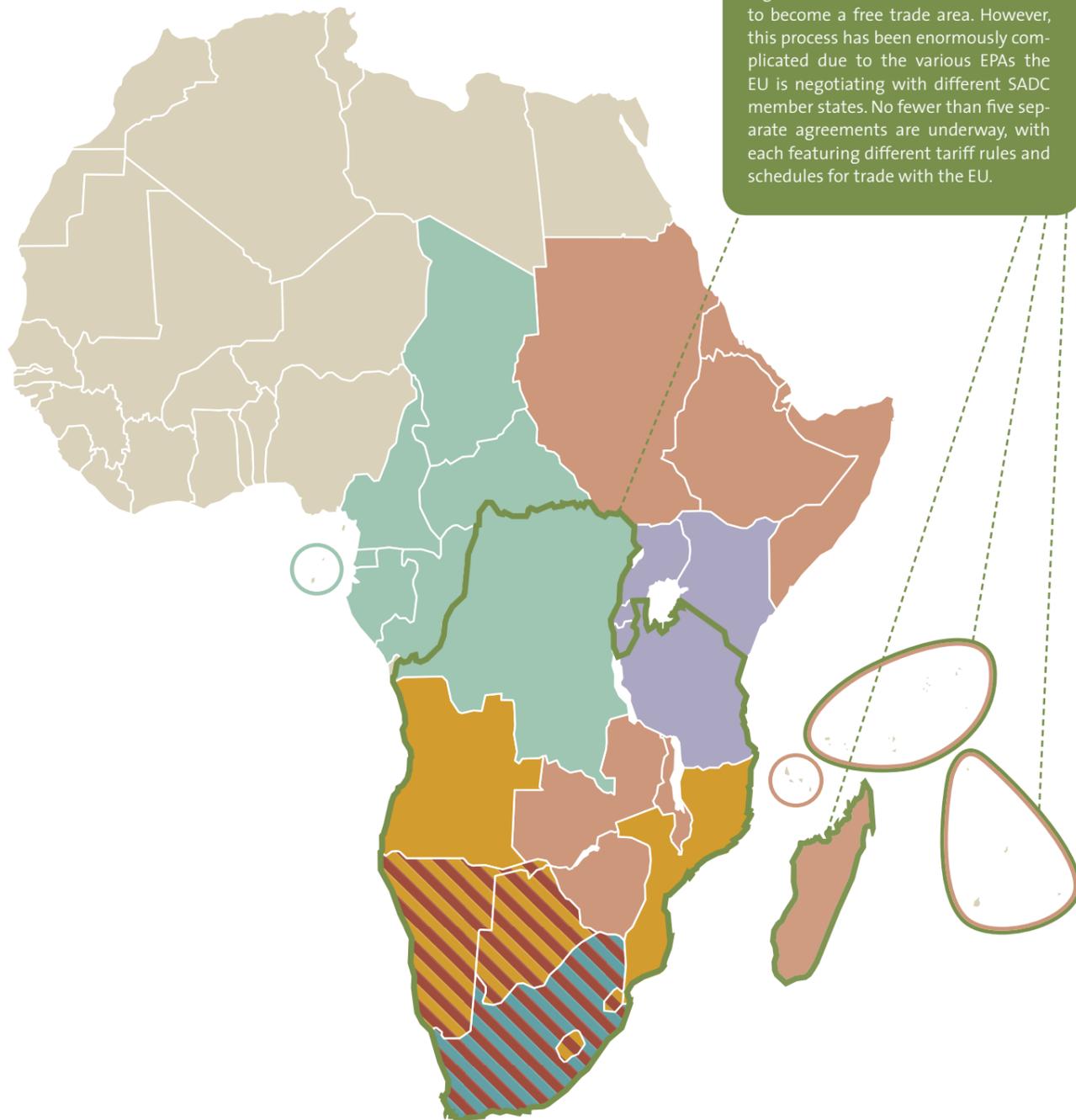
TONI SANDELL

DISINTEGRATION IN SOUTHERN AFRICA: EU COMPLICATING THE PATCHWORK

THE EUROPEAN UNION'S TRADE POLICIES IN AFRICA CLASH WITH PREVIOUSLY EXISTING FORMS OF REGIONAL INTEGRATION – WITH CONFUSING RESULTS.

► **MANY REGIONAL GROUPINGS** in Africa have been built up on the basis of historical ties between neighbours. Some of these groupings have now been divided into smaller groups for the purposes of negotiating Economic Partnership Agreements (EPAs) with the EU.

According to the official rhetoric, EPAs improve regional integration. In Southern Africa, the opposite is happening, and the result is a complex mishmash of agreements that few can grasp.



REGION 1: THE ENTIRE SADC

The Southern African Development Community (SADC) is an intergovernmental organisation that fosters socio-economic cooperation between its 15 member states. It was originally formed in 1980 to counteract the economic dominance of apartheid South Africa. South Africa joined SADC after majority rule began in 1994.

SADC is mostly a political grouping, but since 2000 it has also worked to become a free trade area. However, this process has been enormously complicated due to the various EPAs the EU is negotiating with different SADC member states. No fewer than five separate agreements are underway, with each featuring different tariff rules and schedules for trade with the EU.

REGION 2: ESA

Malawi, Zambia, Zimbabwe and Madagascar are lumped by the EU in the same Eastern and Southern Africa (ESA) negotiation bloc as such far-away countries as Somalia and Sudan. The ESA economic partnership agreement is already being implemented, but not wholly, since some countries haven't signed it yet.

The EPA process has not encouraged regional integration within this bloc, because countries have made individual deals. This has instead resulted in considerable discord between those who have signed agreements and those who have not.

REGION 3: SACU

Established in 1889, the Southern African Customs Union (SACU) is the oldest customs union in the world. Bringing together Botswana, Lesotho, Namibia, South Africa and Swaziland, SACU applies a common external tariff on imports.

Within SACU, South Africa, one of the most dynamic economies in the continent, easily dwarfs the economies of the other member states. The smaller member states do however benefit from SACU's customs income sharing agreement. Lesotho and Swaziland earn 60–70% of their government revenue through this arrangement.

The EPAs put this practice under threat. By definition, a customs union means that all member countries apply the same external trade tariffs. So if some but not all members sign a free trade agreement with a third party, the customs union is in trouble.

REGION 4: SACU PLUS ANGOLA AND MOZAMBIQUE

The "SADC EPA" grouping, which includes Angola, Botswana, Lesotho, Mozambique, Namibia and Swaziland, is a fairly artificial construct. Angola and Mozambique are former Portuguese colonies with long histories of civil wars. The other four countries are already integrated economically through the Southern African Customs Union (SACU).

This group has been negotiating an EPA since 2005, with South Africa as an observer. In June 2009, Botswana, Lesotho, Mozambique and Swaziland signed an interim agreement. Angola and Namibia have refused to do so.

Even though only half of the countries in the SACU grouping signed the interim EPA in 2009, the situation seems to be resolved for the time being. The interim EPA and South Africa's bilateral agreement with the EU are currently being aligned, so that even if South Africa does not sign the interim EPA, its bilateral agreement will have the same effect.

REGION 5: SOUTH AFRICA

South Africa is not negotiating an EPA with the EU because it already has a bilateral trade agreement with the EU. South Africa has observer status at the SADC-EU negotiations, but is wary of joining the EPA as such an agreement could prevent it from signing better trade treaties with large developing economies in the future.

REGION 6: EAC

The five countries of the East African Community (EAC), Kenya, Uganda, Tanzania, Burundi and Rwanda, are well integrated and already moving towards the creation of a common market. They are negotiating an EPA with the EU based on a shared consensus.

Negotiators from the EAC and the EU hammered out a framework EPA covering trade in goods in late 2007. But the Eastern African countries have decided not to sign the deal yet, as they are still concerned about its impacts on local production and poverty.

The parties are continuing negotiations towards a comprehensive EPA, which would cover trade in agricultural products, services, rules on intellectual property rights, investment, competition and public procurement.

REGION 7: CENTRAL AFRICAN GROUP

The EU-Central Africa EPA is being negotiated by 8 countries: Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, and São Tomé and Príncipe. The region has vast differences: in terms of size, São Tomé and Príncipe is a small archipelago whereas the D.R.Congo has twice the population of all the other countries combined. Cameroon signed an interim EPA in 2009, but the other countries have not yet signed.

STRATEGIC PARTNERS?

African countries typically have three or four civil servants working on international trade treaties at any given time. These officials are often different persons from those dealing with regional integration.

The Southern African countries are now in a situation where they are committed to work on several issues at the same time: integration with their neighbouring regions; bringing those different regions closer to each other; negotiating EPAs with the EU, and similar treaties with the United States; conducting trade deals with

other countries, notably China; and negotiating within the World Trade Organisation.

When individual countries are burdened with such a workload, it is easy to see the appeal of negotiating with the EU as a regional bloc. But what are the real chances of African governments to obtain beneficial, strategic agreements with the EU that would truly be worthy of the term "partnership"? ◀



David v. Goliath – Vietnam and five other Southeast Asian countries are starting to negotiate trade deals bilaterally with the EU bloc of 27 countries.

DISINTEGRATION IN SOUTHEAST ASIA: MIND THE GAP

THE EU HAS A LOT TO GAIN FROM TRADE NEGOTIATIONS IN SOUTHEAST ASIA. THE OBJECTIVE OF ENCOURAGING REGIONAL INTEGRATION HAS BEEN ABANDONED.

► **IN 2009, AFTER TWO YEARS** of negotiations, the European Union and the Association of Southeast Asian Nations (ASEAN) decided to suspend their ongoing region-to-region free trade negotiations.

“We halted the process because it was not developing in a satisfactory manner,” says Jean-Jacques Boufflet, who heads trade and economic affairs for the EU in Southeast Asia. “We have decided to open bilateral negotiations with a select number of countries.”

Leaving the least developed countries and military-ruled Burma out of the deal made things “less complicated”, Boufflet explains. After adopting a piecemeal approach, the EU could make a lot of progress in trade talks with the more advanced ASEAN countries.

CHALLENGING INTEGRATION

In November 2007, ASEAN had made a step forward in regional integration when all ten member states adopted the first ASEAN Charter, making the association a legal entity. ASEAN strives to establish a single market and production base in order to strengthen its member states’ economic competitiveness in global markets.

The main challenge of the regional integration process concerns the disparities within ASEAN. In 2004, the average GDP per capita of the least developed countries – Cambodia, Laos, Vietnam and Burma – only averaged 396 US dollars, compared to an average of 1,874 dollars in the other member states.

The stronger ASEAN countries have been more interested in using the association to advance their global in-

tegration and attract foreign direct investment than to improve trade relationships within the region.

WHO BENEFITS?

From the point of view of the least developed countries, not much has changed. Laos, for example, in spite of enjoying special export benefits granted to the least developed countries by the EU under the “Everything But Arms” initiative, has increasingly seen profits going to foreign investors from neighbouring countries such as Thailand.

The Mittr Phol Sugar Group, Thailand’s leading sugar manufacturer, was recently granted new concession land by the government of Laos in return for investing in sugar cane plantations. Making use of Laos’s duty and quota-free privileges, the company now exports sugar to EU markets.

Civil society organisations (CSOs) have criticised ASEAN for striving solely to enhance the competitiveness of its most powerful member states and transnational corporations.

At the ASEAN People’s Forum (APF), organised in February 2009, over a thousand CSO representatives called on ASEAN to open up its decision-making processes to civil society, consider the asymmetries in the region, and stop being an exclusive elite club.

The APF also stressed that ASEAN should diversify its economic thinking and move away from market-driven regionalism, instead working to promote fair and managed trade, redistributive justice, poverty reduction, and growth with equity and non-discrimination. ◀

WARANGKANA RATTANARAT



PART 2

THE REAL INTERESTS OF THE EU

THE EU’S ULTIMATE TRADE POLICY OBJECTIVE IS TO INCREASE THE COMPETITIVENESS OF EUROPEAN COMPANIES. LOOKING BEYOND THE RHETORIC, IT BECOMES CLEAR THAT THIS AIM ALSO APPLIES TO TRADE NEGOTIATIONS CONDUCTED WITH THE POOR COUNTRIES.

► **EU OFFICIALS DO NOT TIRE** of stating that the primary goal of regional trade agreements with developing countries is poverty reduction.

For example, the EU’s stated objectives in the economic partnership negotiations with Sub-Saharan African, Caribbean and Pacific (ACP) countries aim to reduce and eventually eradicate poverty in the ACP countries, and encourage them to integrate within their regions and into the world economy. Many EU officials sincerely believe that free trade brings benefits to everybody. Yet other, more self-serving motives also lie behind such policies.

Regional trade talks are based on a trade strategy titled Global Europe: competing in the world. This strategy states that the overall objective of European trade policy is to increase the competitiveness of European companies and the EU – the largest economy in the world.

Negotiations with emerging economies like India and Thailand are clearly guided by the quest for competitiveness: European companies want free access to these growing markets.

But talks with less developed countries are also shaped by business interests. Constantly looking for raw materials and cheap labour, Europe’s companies and investors wish to see foreigner-friendly investment rules in poor countries, too. They have also persistently lobbied for stricter intellectual property rules globally.

The following articles offer insights into the real interests of the EU in three vital areas: trade in services and natural resources, agriculture and intellectual property rights. ◀

Many EU officials sincerely believe that free trade brings benefits to everybody.



Basic services for sale – Central Americans expressed their worries about the future of their public water services during trade negotiations with the EU.

THE EU'S FOREIGN INVESTMENTS IN CENTRAL AMERICA: HUNGER FOR SERVICES AND NATURAL RESOURCES

BOOSTING INVESTMENTS IN CENTRAL AMERICA WAS ONE OF THE EUROPEAN UNION'S FOCUS AREAS IN NEGOTIATIONS WORKING TOWARDS A REGIONAL TRADE AGREEMENT.

► **THE EU IS SUPPORTING** multinational companies as they search for investment opportunities to develop their business and expand into new markets. The Central American countries, for their part, are seeking international investments in order to create jobs and obtain new technologies.

The expansion of foreign direct investment into the region has been facilitated by tax exemptions, lax environmental and labour norms, simplified procedures, reduced production costs, abundant natural resources and cheap labour.

RISING INTEREST IN SERVICES

Foreign investments in Central America are mainly flowing into services, including a number of areas of public interest such as health care, security and the environment.

Developing countries have hoped that including services in trade deals would lead to increased foreign investment in the most backward sectors of their economies, improved access to technology, and greater knowledge transfer. More efficient markets are also supposed to limit monopolies and lower consumer prices.

Investments are largely motivated by the exhaustion of natural resources in the EU, and the great flexibility of Central American environmental legislation.

But in practice, for many impoverished countries the liberalisation of trade in services has led to the privatisation of electricity, drinking water and other basic necessities.

The services sector is the backbone of the EU's economy, accounting for over 75% of its gross domestic product. The EU has identified telecommunications, distribution, finance and insurance, food, pharmaceuticals, agrochemicals, transport and environmental services as sectors where European companies are strong and likely to benefit from access to foreign markets.

This search for markets for European companies was clear in the negotiations for the association agreement with Central America, which was eventually signed in May 2010, as the EU pushed for the rapid liberalisation of investments in services and the establishment of effective enforcement mechanisms.

For the people of Central America this is a very sensitive issue, with implications for sovereign states' rights and responsibilities to regulate and decide on public policies at the national level.

EUROPEANS IN NEED OF NATURAL RESOURCES

The association agreement asserts that investments into the region can promote sustainable development. But local civil society organisations are concerned that the opposite could happen.

The fastest growth in foreign investments is being seen in natural resources. These investments are largely motivated by the exhaustion of natural resources in the EU, and the great flexibility of Central American environmental legislation.

Adding fuel to the fire, the association agreement lacks enforcement mechanisms for compliance with environmental and labour laws. Unlike most other free trade treaties, it is limited to a "cooperative approach" through which the regulatory and follow-up capacities of the governments of both regions are to be mutually strengthened. While capacity building is necessary and important, it can be no substitute for binding commitments.

The region's governments should be responsible for monitoring compliance with environmental laws and agreements. And European companies should pay full compensation for any damage they cause. ◀

TANIA VANEGAS

A WORRYING EXAMPLE: SYNGENTA IN NICARAGUA

The case of Syngenta shows the need to safeguard occupational health and environmental standards when negotiating trade agreements.

Agriculture is a powerful economic sector in Nicaragua, with strong links to the global agrochemical and pharmaceutical markets. Controlled by a few large conglomerates, these sectors have a turnover of 25 billion US dollars a year.

The Swiss-based Syngenta, the world's leading agribusiness company, has been operating in Nicaragua since 2000 under a bilateral investment agreement between Switzerland and Nicaragua.

One of the company's main products is the herbicide Paraquat, which is widely used in developing countries on more than 50 different crops from plantain, coffee and cacao to sugarcane and palm oil.

According to the World Health Organisation, Paraquat is the most toxic herbicide currently in production. It is banned in several countries, including Finland, and its use is not registered in any EU member state.

In 2000, the Central American countries and the Dominican Republic restricted the use of 12 agrochemicals responsible for poisonings and deaths in the region, including Paraquat.

However, Paraquat continues to be used in Nicaragua. Syngenta has sponsored countless studies which highlight the herbicide's benefits, and ignore scientific proof of its harmful effects on human health and the environment.

THOUSANDS OF DEATHS

Over 3,600 former workers of the San Antonio sugar mill in Chinandega in western Nicaragua have died since 2000, because of kidney failure caused by constant exposure to Paraquat. Many others are struggling for their lives.

Workers from the mill have appealed to the courts for many years to have kidney failure recognised as a labour-related illness. This would entitle them to compensation and medical attention within the social security system.

Syngenta itself has not been sued by the workers. According to international trade agreements, that would have to be done by the Nicaraguan State through the International Centre for Settlement of Investment Disputes, a body of the World Bank. This process would be very expensive for the government.

This example shows the need to safeguard occupational health and environmental standards when negotiating trade agreements. Binding mechanisms for resolving controversies at the national level should also be in place.

TANIA VANEGAS



HANNU NIEMELÄ / KEPA

EAST AFRICA'S PROSPECTS FOR AGRICULTURAL DEVELOPMENT: EXPORT MAIZE, IMPORT CHEESY NACHOS

IN EASTERN AFRICA, AGRICULTURE IS AN ESSENTIAL SOURCE OF EMPLOYMENT AND FOOD SECURITY. THE ECONOMIC PARTNERSHIP AGREEMENT WITH THE EU DOESN'T SEEM TO OFFER MUCH SUPPORT FOR SMALL-SCALE AGRICULTURE IN THE REGION.

► **WHEN COUNTRIES AT VASTLY DIFFERENT** levels of development enter into a trade agreement, there are opportunities for both sides, but also many possible pitfalls for the weaker party.

Agriculture is a case in point. Farming is a priority sector for the members of the East African Community (EAC) – Burundi, Kenya, Rwanda, Tanzania and Uganda – and also a strategic sector for the European Union.

However, for the vast majority of East Africans agriculture still involves rain-dependent farming with hand tools. Without enormous improvements in their production and marketing capacity, exporting to European markets is not a realistic option.

PRODUCTION IN NEED OF PROTECTION

Farming forms a fundamental part of Europe's identity, history and culture, and agricultural processing is an important industry. Despite this, European agricultural products are not competitive internationally in purely market terms, due to high production costs.

This is why the EU subsidised its agriculture to the tune of a mind-boggling 55 billion euros in 2009 (plus at least another 10 billion paid in direct national subsidies by member states), and is making heavy investments to develop the sector further.

The EAC countries cannot even dream of supporting their farmers with such sums. But it is still vital for their

Unfair trade – It is difficult for Tanzanian producers to compete against heavily subsidised European products.

food security and employment that they should maintain and develop their domestic agricultural production.

To this end, the East African countries have placed many agricultural products on the list of exclusions during their Economic Partnership Agreement (EPA) negotiations with the EU. These are products that European companies will not be able to export to Africa tariff-free.

THE QUEST FOR ADDED VALUE

The EU's strategy is to export high value-added agricultural products, and import raw materials and low-value staple foods.

But the luxury foods sector is also the niche where EAC agricultural produce could be sold to the EU. East African countries are not capable of producing large amounts of basic foods cheaply, but they do have lots of potential for producing out-of-season vegetables, high-quality coffee and fair trade products, for example.

If both the EU and EAC aim to sell high-value foods, there will be competition in some areas.

To make things worse for the East African countries, the EU has challenged the EAC's plans to charge export taxes on raw materials such as unprocessed cashew nuts and timber. Such taxes aim to encourage further processing – and value accumulation – inside the EAC. But cheap raw materials are precisely what European agro-processing industries want from the region.

HIDDEN BARRIERS TO TRADE

In practice, it is difficult for non-industrialised producers to sell their agricultural products in the EU. There are many reasons for this.

European consumers want nicely packaged and designed products. They also want their food to be safe, as guaranteed by strict sanitary and phytosanitary standards. Ethical production methods are also becoming crucial for an increasing number of European consumers.

The costs of safety tests, advanced equipment and smooth design are far too high for most African producers. Together they constitute what are known as technical barriers to trade. According to Paul Goodison of the European Research Office trade monitoring group, "The dominant trend is that while the EU market for African food and agricultural exports is becoming *more open*, [...] it is also becoming *less accessible*."

MAKING THE MOST OF THE DEAL

To ensure that it gets the most out of the deal, the EU keeps the EPA document's wording flexible, thus ena-

The dominant trend is that while the EU market for African food and agricultural exports is becoming *more open*, [...] it is also becoming *less accessible*."

bling the use of various trade instruments to protect European agriculture for as long as deemed necessary.

The East African countries should do the same, and restrict imports of luxury foods from the EU and reserve an option to change schedules for market liberalisation if their own products are not competitive by the set deadlines.

The agreement's greatest potential benefits for EAC member states concern the field of technology transfer and related improvements in human capacity. Whenever possible, the EU should support transfers of skills within the commercial transactions taking place under the EPA. ◀

LINDA LÖNNQVIST

VAIN HOPES FOR AID AND TECHNOLOGY

Several trade negotiators and civil society organisations from the developing regions hope that regional trade agreements will spur technology transfers and increases in development aid. They have also called for related EU commitments to be included in the agreements.

For instance, the EU is currently negotiating comprehensive agreements with Latin American regions that cover political issues and development cooperation, as well as trade liberalisation.

In reality the European Commission, which negotiates such treaties on behalf of EU member states, can make few meaningful commitments.

Technology transfers depend largely on private companies, which operate completely independently of the Commission. Development aid budgets, on the other hand, are decided at national level by the EU's 27 member states.

Given that such pleas will not get them far, negotiators from developing countries could achieve much more by rebutting trade rules that hurt local producers, rather than by calling for aid increases to ease the pain.

TYTTI NAHI



ISTOCKPHOTO

INTELLECTUAL PROPERTY RIGHTS IN ASIA-EU TRADE: MORE GAINS FOR COMPANIES, REDUCED ACCESS TO MEDICINES

THE PROPOSED EXPANSIONS OF PATENT RIGHTS WOULD MAKE ACCESS TO GENERIC ALTERNATIVES INCREASINGLY DIFFICULT AND EXPENSIVE.

► **THE DRAFT FREE TRADE AGREEMENT** between the EU and the Association of Southeast Asian Nations (ASEAN) has been shelved for now, but had it been pushed through, it would have dramatically strengthened intellectual property rights (IPRs). This is a good example of what the EU is really aiming for: benefits for European companies.

The EU used to include only general IPR provisions in bilateral and multilateral trade agreements, but this strategy has changed over the past few years as the Doha round of international trade talks has faltered. Wishing to remain competitive in the new global economy, the EU is now demanding stricter IPR requirements and enforcement mechanisms.

If implemented, these expanded IPRs would have devastating impacts in many areas of law, including patents. The revised patent laws would guarantee huge profits for pharmaceutical companies at the expense of developing countries seeking access to affordable, high quality medicines.

THE INSTRUCTIVE CASE OF TELAPREVIR

The example of Telaprevir illustrates the potential negative health effects of free trade agreements. Telaprevir is a drug currently undergoing clinical trials in the United States for use in the treatment of hepatitis C. The World Health Organisation estimates that 32.3 million people in Southeast Asia are infected with hepatitis C. Most of these people cannot afford the current option of two-drug combination therapy. In Thailand, for instance, a standard 48-week treatment costs around 33,000 US dollars. Telaprevir can shorten treatment times and cut costs drastically.

Currently Telaprevir is not patent-protected in Thailand. The proposed EU-ASEAN trade agreement would make it much harder and more expensive for patients to gain access to Telaprevir and other such drugs.

EXTENDED MONOPOLIES

The most recent draft for the free trade agreement would allow patent holders to extend their patents again and again by demonstrating new uses for their product. The manufacturer Vertex Pharmaceuticals could extend its patent for Telaprevir in Thailand by another 20 years once the original patent expires, simply by announcing a novel application.

Such “new use patents” prolong patent holders’ monopolies on drugs even when there is no new invention, and this allows companies to charge artificially high prices for longer periods of time.

The trade agreement would also make it harder to access generic medicines which are usually cheaper than their brand-name counterparts. This is due to a principle known as “data exclusivity”, which means that a pharmaceutical company seeking approval for a new generic drug is prohibited from using the registration file of the

The revised patent laws would guarantee huge profits for pharmaceutical companies at the expense of developing countries.



TIMO KURONEN / KEPA

The voice of the people – Thai protesters speaking out against free trade.

original manufacturer when it comes to reviewing the efficacy and safety of the drug.

In other words, if another company develops a generic version of Telaprevir, it will have to spend millions of dollars and many years conducting its own safety and efficacy tests, because data exclusivity will allow Vertex to refuse to share its own findings. The resultant delay to the introduction of the generic substitute will enable the price of Telaprevir to be kept higher for a longer period of time.

NO MORE SPECIAL LICENSES

The draft EU-ASEAN trade agreement would also hinder imports of medicines and the challenging of patents in areas of vital importance for public health.

Under current Thai patent law, the government can issue a compulsory license which temporarily invalidates a patent and allows the government to authorise itself (or in some cases a third party) to use the related information for reasons of public policy.

Over the past four years, the Thai government has issued compulsory licenses for seven medicines for the treatment of cancer, heart disease and HIV. These licenses have enabled the government to import cheaper medicines and in some cases develop generic versions of them.

The stricter IPR provisions of the EU-ASEAN trade agreement would make it nearly impossible for Thailand to issue any new compulsory licenses. ◀

NOAH METHENY

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights (IPR) are rights granted over creations of the human mind. They give the owner of an invention the exclusive right to use the invention for a certain period of time.

Such rights include copyrights, trademarks, patents, industrial design rights and the protection of confidential information. The main purpose of intellectual property rights is to reward and therefore encourage innovation and creative work, and to protect investments in such endeavours.

But the patent system is often criticised for slowing down technological development by hindering the free spread of innovations, for placing monopolistic obstacles in the way of free competition, and for restricting poor countries’ access to new technologies.



MUSTAFÄ DELIORMANLI / ISTOCKPHOTO

NICARAGUA: HIGHER PRICES FOR ESSENTIAL MEDICINES

With support from the Global Fund to Fight Aids, Tuberculosis and Malaria, the government of Nicaragua has invested in treatments for HIV/Aids sufferers. At the same time an agreement with the Pan-American Health Organisation has allowed the government to purchase anti-retroviral drugs at reduced cost.

Anti-retroviral medicines cost more than 10,000 US dollars per patient per year in 2002, but by 2005 generic versions had lowered the price to less than 3,000 dollars. The intellectual property rights provisions of the free trade agreement between the Central American countries, the Dominican Republic and the United States (DR-CAFTA) have put this development at risk.

DR-CAFTA came into effect in 2006. It is now no longer possible to acquire generics at a lower price,

as the agreement limits countries' right to implement protective mechanisms such as parallel importation or compulsory licensing.

The benefits of DR-CAFTA for pharmaceutical companies are obvious. The prices of anti-retroviral drugs have more than tripled. A monthly dosage of Ritonavir, a popular HIV/Aids medicine, cost 225 US dollars in 2002, but now sells for more than 400 dollars.

This has occurred in spite of the declaration of the World Trade Organisation's Doha round of negotiations, in which the world's countries commit themselves to prioritise public health over commercial interests, and to promote universal access to medicines.

TANIA VANEGAS

PATENT APPLICATIONS IN NICARAGUA 2003–2006

	2003	2004	2005	2006
Number of applications				
National	1	3	2	-
Foreign	98	52	192	102

Source: Intellectual Property Registry, May 2006.

MOZAMBIQUE: TOO MUCH TOO SOON?

MOZAMBIQUE'S LEADERS ARGUE THAT THEY CAN SPEED UP DEVELOPMENT BY ENTERING INTO REGIONAL INTEGRATION AND FREE TRADE SCHEMES. MANY FEAR THE OUTCOME WILL BE THE OPPOSITE. SUCH SCHEMES CAN ALSO FEED CORRUPTION, WRITES HUMBERTO OSSEMANE.



► **REGIONAL INTEGRATION HAS BEEN** sold to Mozambicans as a very important step, almost a panacea for generating economic growth, development and improvements in of the lives of the people.

The key arguments are that Mozambique will benefit from a market of almost 250 million people; competition in the region will lower consumer prices and make Mozambicans good businessmen; and foreign direct investments will flow into the country.

WHAT WILL HAPPEN TO SMALL-SCALE FARMING?

Mozambique is one of the weaker economies in the Southern African Development Community (SADC), contributing just 3% of the community's combined gross domestic product (South Africa accounts for 70%). With its industry largely dysfunctional, and agriculture becoming weaker by the day, Mozambique has little to offer to SADC or any other region.

A study by ROSA, a civil society network that focuses on food sovereignty, argues that before embarking on regional integration, Mozambique should focus on domestic integration through well thought out policies that will benefit farmers. Almost 70% of Mozambicans are small-scale farmers dependent on the land for their livelihood.

Should Mozambique enter a regional integration scheme, these small producers are likely to be smashed and swallowed up by South African high-tech agro-business, lose their land, and become servants to South African capital.

Things do not look much brighter for industry. While arguing that Mozambican industries will benefit from a regional market, the elite forget that the domestic industrial sector is almost non-existent and that most added value goods are imported from South Africa and Europe.

Indeed, apart from certain raw materials, Mozambique is largely an importer. Even the growing extractive industry is dominated by foreign investors working in close partnership with the political elite.

ACCOUNTABILITY TO WHOM?

Post-colonial African political elites sometimes consider their country a personal acquisition and see themselves as independence fighters. The current government in Mozambique is a case in point.

The elite are wasting no time in acquiring the lion's share of wealth in sectors where Mozambique is considered to have a competitive advantage, such as extractive industries, tourism, communications and energy. This is done by forming "business partnerships" with foreign companies mainly based in Europe, South Africa, the United States and China.

Mozambique's rulers have adopted the international perception of trade as a panacea for developing countries' economic woes. Focusing on external trade has provided them with the perfect excuse to shun their responsibilities towards their own people.

Trade deals negotiated with tight schedules also provide great incentives for corruption. The EU is in part responsible for building such pressures. ◀

HUMBERTO OSSEMANE



HUMBERTO OSSEMANE



PART 3

IN SEARCH OF TRADE WITH A HUMAN FACE

CIVIL SOCIETY ORGANISATIONS WORKING WITH INTERNATIONAL TRADE ISSUES SHARE THE SAME CONCERNS ALL AROUND THE WORLD. THEIR JOINT QUEST IS TO GIVE TRADE A HUMAN FACE, BUT THEIR STRATEGIES FOR REACHING THIS GOAL VARY.

► **OVER THE LAST DECADE** civil society organisations (CSOs) have become increasingly involved in international trade issues, including the talks conducted between the EU and developing regions.

The same concerns are shared everywhere. In their present form the trade deals being negotiated by the EU mainly favour major export oriented businesses. They also encourage unsustainable production and consumption patterns, instead of promoting robust regional development.

The recommendations across regions also coincide. CSOs are calling for more transparency, for the right of the countries of the global South to protect their local production, and for negotiation agendas that cover environmental issues and labour rights, as well as just trade policies.

The strategies adopted by civil society vary greatly, however. While many movements rely on resistance, grassroots activities and street protests, other CSOs seek to influence trade negotiations by publishing analyses and lobbying negotiators with specific proposals. These strategies can complement each other.

Information is power, everywhere. The analysis that Southern CSOs provide for their governments' negotiating teams is a vital asset when these small teams come face to face with the EU's army of negotiators. In Europe, assessments conducted by European CSOs provoke discussion on the concrete impacts of trade agreements, and thus help to question the dogma that "free trade brings benefits to everyone, everywhere".

The following articles present some examples of the advocacy and analytical work done by CSOs both in Europe and in developing regions. ◀

Analysis conducted by CSOs helps to question the dogma that "free trade brings benefits to everyone, everywhere".



JANNE HUKKA / KEPA

Visibility in the media – European NGOs organised publicity stunts to highlight the unfairness of trade today, including this football match where the North played downhill.

EUROPEAN CSOS TO POLITICIANS: WAKE UP!

EUROPEAN CIVIL SOCIETY ORGANISATIONS HAVE WORKED FOR OVER A DECADE TO BRING PEOPLE'S VIEWS AND FEASIBLE ALTERNATIVES TO REGIONAL TRADE TALKS – BY CONDUCTING ANALYSES, ORGANISING PUBLICITY STUNTS, AND LOBBYING POLITICIANS.

► **THROUGHOUT THE LAST DECADE**, European trade policies have been shaped by an apparent lack of alternatives, and the prevailing belief that free markets, the survival of the fittest and global trade all automatically promote well-being.

Civil society organisations (CSOs) have widely expressed alternative views to this dogma. Much attention has been given to socioeconomic analyses. CSOs have sought to analyse the potential impacts of different regional trade deals, and show that free trade is neither a saviour nor a devil. Trade policies need to be built on pragmatic case-by-case considerations, rather than ideologies.

Some CSOs have gone on to recommend alternative ways to reform trade rules. Reforms are needed to ensure that the EU treats all of the least developed countries equally. But extensive, profound and often hasty free trade talks are not the only alternative.

STANDING UP AGAINST BULLDOZERS

The milestone year for European CSOs' work on regional trade deals was 2007, when the Economic Partnership Agreement (EPA) negotiations between the EU and African, Caribbean and Pacific (ACP) countries were supposed to be concluded, but instead hundreds of CSOs showed how impossible this goal was. The negotiations – and even the impact assessments on which the negotiations should have been based on – were simply not advanced enough.

To encourage public discussion, European and ACP organisations joined forces to organise a major "Stop EPAs" day event, when a special statement was signed by 215 CSOs, and the EPAs were discussed in more than 40 countries. While campaigners marched in Port-au-

Prince, Dakar and Nairobi; European CSOs held face-to-face meetings with government officials and organised publicity stunts in London, Copenhagen, Helsinki, Brussels, and other cities.

The media welcomed opportunities to photograph huge locks and keys, banners reading "Don't lock Africa into poverty!", campaigners wandering the streets in their pyjamas and calling for politicians to "Wake up!", and rampaging bulldozers with brightly coloured "Don't bulldoze Africa!" signs taped to their sides.

During a repeat event in 2009, more than 80 organisations from three continents sent faxes or e-mails to their national politicians highlighting problems related to the EPAs.

WORKING ON MANY FRONTS

The trade work of European CSOs is today more fragmented, since the EU is currently involved in negotiations towards many different bilateral agreements. But work is still continuing actively on many fronts.

Active CSO networks include APRODEV, a network of 17 European organisations working closely together with the World Council of Churches. APRODEV monitors trade relations between the EU and Central America, and lobbies European institutions and EU member states.

The EPA negotiations are meanwhile being monitored by the 19 member organisations of the EPA Watch network. During 2010 the network has exchanged public correspondence with the European Trade Commissioner Karel de Gucht. This work is becoming increasingly important as the EU works keenly towards the completion of the agreements. ◀

EXPERTISE AND PERSISTENCE PAY OFF: CUTS IN EAST AFRICA

WHEN CIVIL SOCIETY ACTORS TRY TO INFLUENCE GOVERNMENT POLICIES, THEY HAVE TO PROVIDE SOLID PROOF. CUTS HAS LEARNED THAT MASTERING THE ISSUES IS A PRECONDITION FOR SUCCESSFUL ADVOCACY WORK.

► **THE ECONOMIC PARTNERSHIP AGREEMENT (EPA)** negotiations between the EU and the East African Community (EAC) – Burundi, Kenya, Rwanda, Tanzania and Uganda – have been dragging on since 2007.

Filled with acronyms and dry details, the negotiations are not easy to understand. But the agreement could have a major impact on the way the region's economy develops. This is why East African civil society organisations are trying to influence the EPA negotiations.

GETTING THE FACTS RIGHT

CUTS, a consumer rights organisation from Jaipur, India, is a modern phenomenon: a politically centrist civil society organisation working in different regions of the developing world. Its approach involves research-based advocacy, and one of its main focus areas is trade and development. CUTS has an East Africa office in Nairobi.

In Kenya, CUTS started investigating the Cotonou agreement, the precursor to the EPAs that are being negotiated today, back in 2002. The Cotonou agreement obliges governments to consult civil society, and CUTS saw this as an opportunity to be recognised as a constructive partner.

“During our early research, we found that the planned EPAs did not contain enough of a development dimension,” says Atul Kaushik, Director of CUTS' Geneva Resource Centre.

In 2003, CUTS Kenya was invited to participate in Cotonou consultations at the Kenyan Ministry of Trade. Drawing on its research, CUTS explained to the government that the government was not adequately prepared for the negotiations, and lacked a sufficient cost-benefit analysis of the agreement.

CUTS has since published papers on development benchmarks, agriculture, services and standards, and shared them with governments. “By giving government officials useful information we acted like a collaborator and not just a banner-pusher. The officials felt that they benefited,” Kaushik explains.

GOOD COP, BAD COP

From 2005 to 2008, CUTS conducted research on the linkages between trade and poverty, and studied how different groups are included in trade policy making. They came out with clear policy recommendations that one

size does not fit all, and flanking policies need to be in place to benefit from trade liberalisation.

CUTS also invited national stakeholder and expert groups from government ministries and institutions, civil society, academics, research-based organisations and the private sector to review its research. CUTS has found that the feedback systems directed towards policy-makers were often weak, which meant that the results of popular consultations did not influence trade policy.

“Sometimes we get the audience wrong and the participants don't give us any useful feedback. Then we just have to try again,” says Kaushik. This “inside-track” approach means that CUTS tries to stay on good terms with its advocacy target group. More critical views can be expressed through the media or by other civil society partners.

“The message has to be owned by the more volatile or vibrant campaigns,” Kaushik says, meaning that more radical and political CSOs who work with CUTS, and can play the “bad cop” and be more confrontational.

“This was the trigger for the government to take notice. They were not happy with our research but we had one-to-one conversations with them, saying ‘look, we just want you to do your work’. Some stopped giving us their time, but others thought ‘These guys monitor us, but they aren't too critical. Let's start reading their inputs’,” Kaushik recalls.

CUTS saw that they had been successful when the Kenyan Ministry of East African Affairs quoted a CUTS cost-benefit analysis on the liberalisation of services during their EU negotiations.

“By then we knew the people involved, not just their titles, which makes a big difference,” adds Kaushik.

DONOR DEPENDENCE RISKS SHORT-TERMISM

CUTS has focused on trade issues in the East African Community since 2002. “Concentrating on one field is useful for building expertise, but less so for staying trendy,” reckons Kaushik. “As a CSO that needs financing, it's very difficult for us to stay with a topic for a long time. The donor community is fatigued when it comes to trade and development.”

The EU's EPA negotiation position is rooted in decades of strategic thinking and planning. But donors' short attention spans are making it hard for CSOs to maintain a similar focus. Kaushik points out that dependence on short-term funding means that messages have to be packaged according to the latest trends among donors. ◀

LINDA LÖNNQVIST

CUTS saw that they had been successful when the Kenyan Ministry quoted their cost-benefit analysis during the EU negotiations.

CENTRAL AMERICAN CIVIL SOCIETY ALTERNATIVES

Central American civil society organisations are closely following the political and commercial relations between their countries and the European Union. Since 2006, when the governments of Central America and the EU agreed to go ahead and negotiate an association agreement, many organisations have taken an interest in monitoring and making contributions to the debate.

The Commerce, Integration, and Development Initiative (CID) was launched in 2007, and has participated in all rounds of the negotiations. CID has brought together civil society organisations in order to combine their advocacy work on the Central American integration process, and to follow negotiations between Central America and the EU.

The aim has been to enter into dialogues while pressurising and lobbying the Central American and European authorities calling for the association agreement to better reflect and promote the interests of the people of Central America.

Although the negotiations for the association agreement were concluded in May 2010, the CID Initiative is continuing its work. CID members have urged the Central American governments to adopt measures that benefit citizens and small businesses, and to enhance their national institutional capacities before implementing this free trade agreement, which will otherwise hand greater advantages to the European bloc.

JOSÉ ÁNGEL TOLANTINO



CONSTITUTIONAL CHANGES IN THAILAND THANKS TO FTA WATCH

CAMPAIGNING BY THE THAI CIVIL SOCIETY WATCHDOG FTA WATCH HAS LED TO CONSTITUTIONAL AMENDMENTS THAT WILL GUARANTEE GREATER TRANSPARENCY AND CIVIL SOCIETY PARTICIPATION DURING TRADE NEGOTIATIONS.

► **“SOVEREIGNTY NOT FOR SALE!”** was the first slogan of FTA Watch, a coalition of activists formed in 2003 to coordinate the analytical and advocacy work done by different organisations in Thailand.

Today FTA Watch has 30–40 core active members representing NGOs, social movements and academia. The organisation, who works with issues including biological resources, intellectual property, public health and consumer protection, in close cooperation with farmers' networks focusing on sustainable agriculture, and networks of HIV/Aids sufferers.

LIFTING THE LID ON SECRET DEALS

FTA Watch's first successful advocacy campaign addressed free trade agreement negotiations between the United States and Thailand. In the early stages of the negotiations no information about their content was shared with the public, as the US negotiators had asked the Thai government to keep all information confidential.

Campaigners increasingly took to the streets, and in January 2006 some 15,000–20,000 people occupied the road in front of the hotel where the sixth round of negotiations was taking place. The demonstrators came from groups who would suffer greatly under the planned agreement, including farmers and HIV/Aids sufferers.

The demonstrators managed to get the negotiation round suspended, and their actions brought the issue to public attention. The FTA negotiations were then put on hold following a coup d'état in September 2006 which led to the exile of former Prime Minister Thaksin Shinawatra.

CONSTITUTION AMENDED

In 2007 FTA Watch started working with legal experts to influence the drafting of Thailand's new constitution.

This resulted in the incorporation into the constitution of a new section (190) obliging the government to guarantee transparency and seek the approval of the National Assembly before signing any international treaties, including trade agreements.

The constitution was endorsed by a referendum in 2007. A subordinate bill detailing the implementation of Section 190 has also been proposed, but is still waiting for parliamentary approval.

Section 190 already represents an important democratic safeguard for Thai civil society. Over time it should be possible to exploit this mechanism more fully to enhance participation and transparency in decision-making. ◀

THEERADA SUPHAPHONG
WARANGKANA RATTANARAT



A long walk to democracy – Civil society in Thailand has persistently called for more just trade rules.

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“Our joining EPAs is
as good as embracing
efforts against African
quest for unity”

– BENJAMIN MKAPA
FORMER PRESIDENT OF TANZANIA



KEHITYSYHTEISTYÖN
PALVELUKESKUS

Töölöntorinkatu 2 A
00260 Helsinki
Puh. 09 584 233
info@kepa.fi
www.kepa.fi