

## EU Parliament Elections and EPAs: not just business as usual

### The crisis requires a global change

The Commission of Experts of the President of the General Assembly of the United Nations on reforms of the international monetary and financial system recently acknowledged that the outbreak of the financial crisis in 2008 originated in the advanced developed countries, but has spread quickly to become a world economic crisis that affects all countries, including the emerging economies and less developed countries. The Commission is chaired by Professor Joseph Stiglitz, 2001 Nobel Laureate in Economics, and includes outstanding economists and policy makers many countries.

The International Labour Organization estimates that the 30 million rise in worldwide unemployment between 2007-09 could increase to more than 50 million if conditions continue to deteriorate. Some 200 million people, mostly in developing economies, could be pushed into poverty if rapid action is not taken to counter the impact of the crisis on developing countries. Even in rich countries, economic insecurity is now a reality with millions of households faced with the threat of losing their homes and the elderly see their life-time savings collapse with the stock market.

The Commission of Experts also declared that the current crisis has exposed deficiencies in the policies of some national governments and international institutions based on previously fashionable economic doctrines, which believed that unfettered markets are quickly self-correcting and efficient. Globalization was constructed on these flawed assumptions; and while it has brought benefits to many, it has also enabled defects in one economy to spread quickly around the world, bringing recession and poverty to developing countries that have good regulatory frameworks.

### EPAs: not a development strategy

Since 2004 the EU has been in trade negotiations with 76 African, Caribbean and Pacific (ACP) former colonies. The EU Trade Commission claims that these Economic Partnership Agreements (EPAs) will promote 'poverty reduction, sustainable development and the gradual integration of ACP countries into the world economy', and boost regional economic integration. However, criticism has come from many quarters, including the African Union, the ACP Council of Ministers, ACP Heads-of-State, UN and World Bank officials, elected representatives, coalitions of ACP farmers and businesses. They argue that ACP countries have been forced to choose between development and access to the EU market.

The EU is the largest trading partner for most ACP countries. It is also one of the most powerful trading blocs in the world. In theory, it is possible to design an economic relationship with the EU that benefits ACP countries. In reality, the EC's current EPAs proposals threaten to do the opposite. They go far beyond previous ACP-EU trade agreements or what is required to conform to WTO rules, and could have a serious negative implications:

- Require countries to liberalise tariffs on the vast majority of products, with exclusions only in 'exceptional cases'. This would open up ACP markets to the EU's subsidised agri-business and highly developed industrial sector, undermining the livelihoods of smallholder farmers and value-added manufacturing;
- Introduce new regulations on services, competition and government procurement that would make it extremely difficult for ACP countries to support local companies, create new jobs and grow their economies;

- Introduce stricter rules on intellectual property that would make it more difficult to access and afford educational materials on the internet and limit the transfer of technology, taking away the means for poor countries to achieve their own technological development;

- Would lead to a long-term loss in government revenue and, at the same time, be extremely costly and cumbersome to implement, placing a double financial burden on governments that already struggle to pay for basic education and health needs.

The projected impact on individual ACP countries is sobering. Many countries face steep losses in vital revenue from tariffs. Least developed countries like Zambia could lose \$15 million in government revenue – more than their spending on HIV and AIDS. Studies for Kenya’s Ministry of Trade, the International Monetary Fund, and the EC indicate that under an EPA, Kenya could lose up to 65 per cent of industry, 12 per cent of government revenue, and millions of rural livelihoods.

EPAs also threaten the growth of regional trade. The wrong deal could see regional trade in the COMESA region drop by 5.8%, losing \$250 million worth of trade within the region, while European businesses stand to gain over \$1 billion through capturing the trade lost by regional players, according to UN calculations. EPAs were intended to promote regional integration, yet the proposed EPAs will undermine the existing indigenous regional integration processes.

### **Outcomes from the last EP Report**

The European Parliament, in a questionable resolution adopted on Thursday 5 February (2008/2170(INI)) stated that:

- EPAs are an instrument to development which should reflect both the national and regional interest and the needs of the ACP countries in order to reduce poverty, achieve the MDGs and respect fundamental human rights such as the right to food or the right to access basic public services;

- EPAs concluded with individual ACP countries, or with a group of countries not including all countries within one region, run the risk of undermining regional integration; calls upon the Commission to recalibrate its approach taking account of this risk, and ensure that concluding EPAs does not endanger regional integration;

- EPAs agreements should incorporate a clause for a revision 5 years after their signature, to which national parliaments, the European Parliament and civil society must be formally associated; stresses also that this period will enable a detailed evaluation of the impact of EPAs on the economies and regional integration of the ACP countries and appropriate reorientations to be carried out;

- Urges the Commission in partnership with the ACP countries to include development benchmarks in the EPA and interim EPAs to measure the socio-economic impact of the EPAs on key sectors, to be determined according to the priorities and for intervals decided by each region.

**The new EU Parliament can play an important role to address those problems**

### **The Cotonou revision in 2010**

The EU-ACP Cotonou Partnership Agreement (hereafter Cotonou) was signed in 2000 for a period of 20 years, with revisions allowed every five years. Such a regular update is needed to keep the Agreement relevant in a rapidly changing international and ACP-EU context. Cotonou is now quickly approaching its second revision, due to take place in 2010. Both the ACP and the EU started preparations in the first half of 2008. The European Commission established an inter-service Task Force, with discussions between EU member states on the European draft negotiating mandate scheduled for the last quarter of 2008. The ACP have also started their own internal reflections on the revision and asked a group of ambassadors to lead this process with the ACP Secretariat. The October 2008 ACP Heads of State meeting in Accra has also put the revision of Cotonou on the agenda. In

advance of the 2010 revision, both the ACP and the EU have to notify each other of the issues for the agenda before the end of February 2009. The formal ACP-EU negotiations on the revision will take place between March 2009 and the beginning of 2010.

**You can make the difference:  
the 2010 Cotonou revision should not just be business as usual**

A wide range of international stakeholders are demanding that the new Cotonou agreement should:

- **Foster a more reciprocal and sustained political dialogue (Article 8) and strengthen governance provisions** to better respect the spirit of the partnership.
- **Better reflect trends towards increased regionalisation and pan-African development.** The emergence of the regional groupings as a result of EPAs and the African Union has raised concerns there will be institutional duplication and overlap. Revision should seek to ensure that the roles ascribed to these new bodies are adjusted to fit those of the existing ACP-EU institutions
- **Strengthen national ACP Parliaments** to make the Cotonou processes more democratic, boosting their capacity - and the capacity of other key institutions - to help them play an active role in the dialogue, programming, implementation, monitoring, review and control of the Agreement.
- **Establish a mechanism to strengthen monitoring, review, and enforcement in Cotonou.** The mechanism might take the form of an ombudsman type of service (as in EU institutions) or an independent inspection panel (along the lines of those in the World Bank or the African Development Bank).
- **Exploit the opportunities on policy coherence provided by the Agreement** which is currently hardly used. It provides for the ACP to “initiate” discussions and “request” consultation on matters of concern to the ACP Group or its member states relating to “the coherence of Community policies and their impact on the implementation of the Agreement.”
- **Apply principles of the Paris Agenda in practice** (ownership, alignment, etc) and follow-up closely on how financial allocations, particularly in the facilities funded from the intra-ACP envelope, are handled.

### **You can pledge to trade justice**

If elected as a Member of the European Parliament in June 2009, you can pledge to take action to help bring about a full-scale rethink of the EU's trade policy and to ensure that it prioritises the achievement of MDGs: development, environmental sustainability and human rights in the world's poorest countries.

You can undertake to:

- Write to the Trade Commissioner, Baroness Ashton, and to the President of the European Commission, José Manuel Barroso, urging them to commit to a review before the end of 2009.
- Demand a cross-committee investigation in the European Parliament into the development, environment and human rights impacts of EU trade policies on developing countries.
- Sign a resolution in the European Parliament in support of a review of the EU's trade strategy and policies.
- In Autumn 2009, actively participate in scrutiny of the new European Commission and its trade and development strategies.

