

EPAs Campaign Briefing

August 06

The European Union (EU) is currently negotiating, on our behalf, new trade agreement with 77 of its former colonies. The EU says that it'd like these agreements to be 'tools for development' but we believe if agreed in their current form they will do the opposite and threaten the livelihoods of more than 750 million people.

Economic Partnership Agreements (or EPAs) are being discussed between the EU and 77 countries in Africa, the Caribbean and Pacific (known collectively as the ACP). These countries include 38 of the world's 45 least developed countries, who are being asked to open up their markets to producers from Europe before they're ready to compete.

Until recently the EU has been able to negotiate these agreements away from the scrutiny of the campaigners, but now this is changing as we demand that they really do act as tools for development, rather than in the interests of European producers.

Making a bad situation worse

Getting EPAs right for ACP countries is vital. At present most have special arrangements which allow access to valuable EU markets without the need to provide the same access to their markets. It's not a perfect situation but it's much better than what's being proposed under EPAs.

For many ACP countries the EU is both its largest single export market and also the largest donor of aid. But the EU is using this strength to demand that EPAs require countries to make commitments they're not expected to do at the WTO.

What's more, the EU is trying to complete the negotiations by the end of 2007 and resisting calls by developing country governments to hold a full review into the impact of the agreements on poverty.

EPAs – bad for development.

We believe that there are four main reasons why, if agreed, EPAs could be devastating for millions of farmers and producers.

1) By forcing 'free trade' on the poor

The EU is trying to use EPAs to create 'free trade' agreements between the EU and ACP. It wants poor countries to adopt policies that will mean they are unable to protect their domestic producers and infant industries against cheap subsidised imports from the EU.

To use a sporting analogy if current trade rules are like asking your local school team to play Premiership champions Chelsea, EPAs would be like asking your local school team to play World Cup winners Italy with a biased referee!

The EU is demanding this despite the fact that many European producers and farmers benefited from the same policies that the EU is now prohibiting ACP countries using to protect their producers and farmers as they grow and is still refusing to reform the support it gives to its farmers.

Examples from across Africa already show the damage that inappropriate free trade policies have made, but EPAs by forcing poor countries to further open their markets is likely to have devastating consequences on the lives of producers and farmers.

The evidence from other free trade areas confirms why ACP countries should be worried. In 1994 the USA concluded negotiations which created a free trade area with Mexico, since then the number living below the poverty line has risen from 30% to over 40% in 2003.

2) By re-introducing new issues.

At the WTO ministerial meeting in Cancun, Mexico in 2003 poor countries managed to stop a proposal to add new issues to the WTO agenda. But the EU is now using EPAs to re-introduce issues such as investment, competition policy and how governments issue procurement contracts into trade negotiations.

Poor countries have already said no to these issues at the WTO, because of the damage they believe they'll do their economies, but the EU is introducing the issues by the back door.

3) By undermining regional integration

Trading with other countries at a similar stage of development is a great way to help countries work their way out of poverty and most ACP countries are starting to build strong trading links with neighbouring countries.

But the speed that the EU is negotiating EPAs means that poor countries won't have an opportunity to open up their markets to their neighbours. EPAs could result in trade being diverted to the EU rather than increasing it within regions.

4) By decreasing tariff revenue

Many developing countries rely on the revenue that they earn from trade tariffs to pay for essential services like health and education. The removal of these tariffs under EPAs could have a drastic effect on the amount of money available for social expenditure.

Demand a better deal

EPAs have the potential to lift millions out of poverty but only if agreements work in favour of the poorest in the ACP. Rather than free trade agreements we need trade justice agreements.

We're calling on the UK government to use its influence at the EU to take several immediate and important steps to make EPAs work in favour of the poor:

- Instruct the EU to undertake a full review of the negotiations that addresses the issues which are of concern to poor countries
- Work with poor countries to develop alternative deals that will help bring about trade justice

Get Involved

As Secretary of State for Trade and Industry, Alistair Darling has a vital role to play in ensuring the UK does all it can to make these agreements work for the poorest.

Take action today by visiting www.tearfund.org/epas or calling 0845 355 8355 to order a copy of our latest EPA campaign postcard

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