



Position Paper

EPAs: new agreements for sustainable development?

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Since 2002 the European Union (EU) and countries of the Africa, the Caribbean and the Pacific Group (ACP) have been negotiating Economic Partnership Agreements (EPAs) as part of the Cotonou Agreement. EPAs aim to establish "new WTO compatible trading arrangements removing progressively barriers of trade between EU and ACP countries" which would build on "the regional integration initiatives of ACP states" and promote "sustainable development and contribute to poverty eradication in the ACP countries".

The EPA negotiations are taking place in the context of the reform of the trade regime foreseen in the Cotonou Agreement adopted in June 2000 and are being carried out on the basis of road maps or action plans defined in 2004 by the European Union and each of the six ACP sub-regions. They are now entering into a decisive phase.

Fair trade: a positive approach to trade

Fair Trade is a trading partnership based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalised producers and workers – especially in the South. Fair Trade organisations, backed by consumers, are actively engaged in supporting producers, awareness raising and in campaigning for changes in the rules and practices of conventional international trade.

The four main Fair Trade Networks - Fairtrade Labelling Organizations International FLO-I, International Fair Trade Association IFAT, Network of European Worldshops NEWS! and European Fair Trade Association EFTA, bring together over one million Fair Trade producers from more than 60 countries, 20 national labelling initiatives, more than 200 importers, 3000 worldshops and several thousands volunteers.

In the article Article 23 g) of the Cotonou Agreement on "Economic sector development" is suggested that: "Cooperation shall support sustainable policy and institutional reforms and the investments necessary for equitable access to economic activities and productive resources, particularly:...g. trade development, including the promotion of fair trade"

Fair trade and trade justice

The success of Fair Trade and Fair Trade Organisations (FTO's) is being achieved thanks to a comprehensive approach, combining fair trading conditions with producer support, awareness raising and advocacy for greater trade justice. Essential elements of the concept are:

- a fair producer price, covering the costs of sustainable production;
- a premium for investment;
- prefinancing on request;
- long-term relationships;
- capacity building;
- empowerment of the producers;
- compliance with labour and environmental regulations and awarenessraising activities about the prevailing injustice of international trade rules.

Fair trade also promote long term improvements in the economic and social opportunities of small producers and wageworkers and in the environmental practises of their organisations through:

- Strengthening small producers' organisations;
- Providing support for training, capacity building and human resource development, especially of women;
- Actively encouraging better environmental practises and the application of responsible methods of production;
- Strengthening the ownership and the participation in decision-making of producers and workers.

Commodity prices are in crisis

Internationally, agricultural commodity prices are permanently unstable and in long-term decline. For example, between 1980 and 2005, world sugar, cotton-fibre, coffee and cocoa prices fell by 25%, 32%, 44% and 47% respectively. After taking inflation into account, the price falls over that period were between 69% and 78%. According to the European Commission, today producers "live an unpredictable existence because the prices for a wide range of commodities are very volatile and in addition follow a declining long-term trend" (EC Commodities Action Plan, 2004,pp.4f). While Fair Trade can offer a solution for many producers, millions of farmers are suffering the consequences of low and unstable prices.

This has done lasting damage to the economies of poor countries which depend on these goods for their export incomes, constraining the governments' efforts to provide the most basic public services and combat poverty. Low and unstable prices have led to substantially lower incomes for their farmers and pressure on wages for their food workers. Structural oversupplies on world markets, induced by donor agencies' insistence on policies of export orientation, form a large part of the reason for this crisis.

Commercial relationships between EU and ACP Countries

The Lomé Conventions tried to promote privileged relations between the two groups of countries but in the optic of building a new international economic order. These non reciprocal trade concessions were based on the principle that engagements and efforts had to be proportional to the level of development. They took essentially three forms :

- a. Lower customs duties on entry into the European market than those applied to the other non ACP exporters ;
- b. "Product protocols" guaranteeing export contingents for some ACP countries, for products which competed with European productions: bovine meat, rum, sugar, etc. These contingents were paid at the European price levels ;
- c. Mechanisms for stabilizing export returns. These mechanisms were intended to compensate decreases of returns due either to a decline in the volumes exported or to a decrease in world prices.

Although it offered better tariff conditions for access to the European market than those given to other developing countries, and although the ACP countries were not required to open their markets to European exports, the Lomé trade regime did not produce the expected results. There was a strong decline in the ACP share both of world trade and on the European market. The ACP were not able to resist the emergence of competing

developing countries and the dumping of subsidized products. The multiplication of bilateral agreements concluded by the EU provoked also the erosion of preferences.

Participation and democracy in EPAs process

Article 37.4 of the Cotonou Agreement foresees that *"The Parties will regularly review the progress of the preparations and negotiations and, will in 2006 carry out a formal and comprehensive review of the arrangement planned for all countries to ensure that no further time is needed for preparations or negotiations. "*

The 83rd session of the ACP Council of Ministers (Port Moresby, May 28/31, 2006) defined the orientations of the midterm review of the EPAs. The Council affirmed in particular that *"...the review should be all-inclusive and consultative with all stakeholders including non-state actors and parliamentarians and should be conducted at national and regional levels."*

At the moment, unfortunately, none of FTO networks are actively engaged with their producers in that process that should be, as stated in the Joint ACP/EU Declaration on the Review of the Economic Partnership Agreements (EPAs) Negotiations (7 July 2006), *"comprehensive to include the structure, process and substance of the negotiations and shall assess what progress has been achieved on both trade and development issues (including, inter alia, regional integration, flexible and asymmetric approaches to trade liberalization, effective ACP access to EU markets and rules of origin, capacity building, regulatory issues, safeguard measures, etc.)"*

Considering European Parliament Resolution on Fair Trade and development (2005/2245(INI)) that recognizes the benefits achieved by the Fair Trade movement and call for greater support to Fair Trade

We call for

- Open and democratic participation of FTO in the EPAs review process and empowerment actions to facilitate access to informations
- Taking into account the development needs of ACP States, flexibility may be needed for sensitive products: exclusions of products, safeguards, as well as longer transition periods in very exceptional cases for very sensitive products
- protects ACP producers domestic and regional markets
- reverses the pressure for trade and investment liberalisation
- allows the necessary policy space and supports ACP countries to pursue their own development strategies

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