

New deals, new danger

EPAs: A threat to workers



Sugar factory Mumbias, Kenya (Jacob Owiti Odongo/Traidcraft)

Little-known trade talks led by the EU are threatening millions of jobs and livelihoods across the developing world.

The EU is negotiating new trade deals with 75 poor countries in Africa, the Caribbean and the Pacific, known as the ACP. Many of the world's poorest countries are in this group, including 39 out of 46 of the world's Least Developed Countries. Most of these countries are former colonies.

What are these new trade deals?

The new deals are called Economic Partnership Agreements, or EPAs. These agreements are supposed to be good for poor countries and help them develop. But the proposals on the table look set to have the opposite effect. They go beyond any of the most damaging proposals that have been under discussion at world trade talks. At the same time, the ACP countries' wishes for the deals to focus on development are being ignored.

What is the timeframe?

Talks began back in 2002. The EU is pushing for the agreements to be signed off in 2007, and to be put into effect from 2008. This is despite the fact that "the full consequences of the EPA are still unknown even at this state of the negotiations." (Dr Mobido, Minister of Commerce, Nigeria).

What will the deals involve?

EPAs will force developing countries to open their markets to competition with EU industries and agricultural products. In return those countries would continue to have access to EU markets.

How will EPAs hurt poor countries?

Vulnerable farmers, producers and

businesses in some of the world's poorest countries will be pitted against those in the richest EU countries. Developing countries have much to lose, and little to gain.

The result of the deals could be devastating:

- massive job losses
- deteriorating working conditions
- reduced spending on health and education as revenues slump for developing country governments

Why should trade unionists care?

For trade unionists, the threats raised by these trade agreements go to the heart of the global struggle for social and economic justice. Workers' livelihoods and hard won rights are at risk as their countries' economies are opened to EU competition. Standards and working conditions look set to be lowered in a 'race to the bottom'. Trade unions across the ACP are mobilising to counter this threat and they need your help.

We urgently need to demand that



Sugar factory Mumias, Kenya

EU governments stop the deals going ahead in their current form. Alternative trade deals should be developed to enable developing countries and poor people to benefit from trade, without threatening jobs and livelihoods.

"Our development needs and concerns have not been taken on board as they ought to be by the European Union. Government officials, members of Parliament, civil society increasingly agree that the EPAs ought to be challenged."

Mr Diop, Minister of Trade, Senegal

"The time of reckoning has come and therefore we need to have choices."

Ambassador Gunessee, Mauritius

What's dangerous about these deals?

EU driving the agenda

The way the agreements are being negotiated between these unequal partners is seriously flawed. The European Commission has used its political and economic clout to dictate the pace and terms of the negotiations. ACP countries all too often lack the capacity to ensure they are getting the best deal for their citizens as the negotiations steam ahead.

The ACP have voiced their objections to the negotiations from the start. They say they are not strong enough to be thrown in to open competition with EU multinationals. They have seen what liberalisation has done in the past, and they are not ready for more. But many ACP countries also rely on aid from the EU which makes it difficult for them to play hard-ball.

The sheer speed of the proposed liberalisation is another major concern. The EU is pushing for ACP countries to open their markets too far, too fast. Its proposed timescale for opening up 'substantially all trade' with the ACP countries within as little as ten-to-twelve years, ignores whether or not the deals will actually help to meet internationally agreed targets for ending poverty.

Given these concerns, it is crucial that countries have the opportunity to carry out full impact assessments to understand how the proposed deals will affect jobs and whether or not they will help to tackle poverty. To conclude negotiations without having first completed such impact studies would be to put the 'cart before the horse' and to commit ACP citizens to a 'blank cheque' as warned by the Senegalese Minister of Trade, speaking in October 2006. Yet with the deals to be signed by the end of 2007, there is a real danger of this happening.

Unfair competition

The deals will push 'liberalisation' and free trade on poor countries. Translated, that means developing country governments could be forced to open their markets to imports from the EU, and to privatise essential public services, such as water, health, and education. This could undermine their ability to meet the Millennium Development Goals.

When markets are opened up, vulnerable farmers and producers in some of the world's poorest countries will be pitted against those in the richest EU countries. Industries and producers unable to compete with EU imports will face devastation. The impact on wages and jobs could be massive. EPAs will make it harder for countries to work their way out of poverty.

"The EC's apparent mandate [is] to push forward with trade liberalisation while refusing to address ACP priorities [...] particularly measures aimed at promoting development [...] The sudden loss of revenue is likely to create much hardship and possibly lead to social dislocation as the burden will fall disproportionately on the poor."

Dame Billie Miller, Chair of the ACP Ministerial Trade Committee and Minister of Foreign Trade of Barbados



Augustino and his family, sugar farmers in Migore, Kenya (Jacob Owiti/Odongo/Traidcraft)



“Too rapid trade liberalisation between the EU and the ACP could have a negative impact on vulnerable ACP economies and states, precisely at a time when the international community should be doing its utmost to support states in their drive to meet the Millennium Development Goals.”

Report of European Parliament Development Committee, March 2006

Bitter experience

Many countries know from bitter experience how opening up their markets can hit jobs and industries:

- In Zambia, trade barriers were drastically cut or scrapped altogether between 1992 and 1997 as a condition of a loan from the International Monetary Fund. During this time, manufacturing jobs almost halved.
- More than 30,000 Nigerian textile workers lost their jobs following liberalisation under World Trade Organisation rules, coupled with economic conditions imposed by the International Monetary Fund.
- 90,000 jobs in the leather industry were lost after liberalisation policies were followed in Kenya, and the dairy processing industry collapsed.
- Manufacturing jobs in Ghana

plunged from 78,700 in 1987 to 28,000 in 1993 after the local market was opened up to cheap consumer imports.

A race to the bottom?

In the past, strong doses of liberalisation have driven down working conditions:

- Labour standards in Madagascar's footwear industry were hit hard after their government embraced free trade policies in the late 1980s. Two thirds of the workers in this industry are women. They complain that they are pressurised to work beyond their normal hours, sometimes being told in the last hour of their shift that they have to stay at work overnight.
- Normal working hours in footwear factories in South Africa have increased since free trade policies were adopted. Jobs that were once permanent

have become casual.

- In order to compete in the race to the bottom many developing countries have had to accept the principle of creating Economic Processing Zones where labour standards are deliberately waived to attract foreign investment, meaning few benefits actually reach the people.

The original agreement paving the way for EPAs included a commitment to internationally recognised core labour standards, as defined by the International Labour Organisation (ILO) conventions. But it is hard to see how this commitment will be kept. EU negotiators appear much keener on forcing market opening measures on ACP countries than they do on agreeing provisions that will assist countries to implement and enforce ILO labour standards.

Job losses

In addition to worsening terms and conditions, research suggests the proposed deals could trigger waves of further job losses across the ACP countries:

- Unions in Togo fear that an EPA will lead to company closures and job losses. The sectors that are expected to benefit from an agreement, such as coffee and cotton, employ a small number of workers, and are dominated by foreign capital.

In particular, manufacturing jobs could be threatened if governments are forced to remove tariffs on those sectors and if current rules allowing governments to favour local businesses and their workers are outlawed:

- In Kenya, manufactured products, such as fertiliser, cement, paper products, footwear, and insecticides, are likely to face competition from EU producers once tariffs are reduced. This threatens to scupper recent attempts by Kenya to revive its manufacturing sector.
- Competition from the EU is likely to shrink the local manufacturing sector in Uganda.
- Research suggests that employment in Mauritius could drop by around 12%, with women's jobs and jobs in manufacturing likely to be the worst hit by competition from the EU.

Spending cuts

Developing country governments will see their income drop under proposals for them to cut import taxes, known as 'tariffs', on goods entering their country. These taxes form a third or more of government revenue for many ACP countries – valuable income for countries with large

informal economies and without the infrastructure to be able to rely on collecting other forms of taxes.

The result of signing up to an EPA could be that precious government spending on public services, such as health and education, will be cut, leaving the poorest people even more vulnerable. This will particularly impact on women

who often have to take on extra responsibilities as care-givers when state provision is reduced.

- One study suggests that more than 19% of total government revenue will be lost in Guinea Bissau and Cape Verde.
- It is estimated that Ghana could lose US \$194 million – up to 19% of current government revenue.

"If EPAs carry through, African countries will have to kiss goodbye to their industrialisation efforts."

Tetteh Hormeku, Africa Trade Network



Women trading in the informal sector in South Africa (ACTSA)

Rejected issues boomerang back

The proposals go beyond anything that has been under discussion at the World Trade Organisation (WTO) – and the EU is sneaking back onto the table some controversial areas of negotiation which were only kept out of world trade talks after a stiff fight by poor countries.

An agreement on these knotty issues (investment, competition policy and government procurement) would affect the choices and spending priorities of developing country governments in terms of choosing and regulating investors, allocating government contracts and regulating business, for instance. New rules in this area could prevent governments from favouring domestic small- and medium-sized domestic firms over foreign companies, with massive knock on effects for jobs and for development prospects.

ACP countries say including those issues in the new deals wouldn't help reduce poverty. Instead rich countries would be tying the hands of poor countries to choose their own economic policies.

The only show in town

The EU has failed to offer any alternatives to EPAs. The justification for the new deals is that a long standing arrangement – providing former EU colonies with special access to EU markets for their exports – has to be brought into line with WTO rules. Countries face an ultimatum: if they want to continue getting access to EU markets they must open up to the EU in return.

But at the start of the talks it was promised that alternative forms of equally favourable market access

into the EU would be available for countries who wanted them. So far this promise has come to nothing. The European Commission has not provided details of any other options, and it has not given ACP governments the information they need to assess whether they would be better off with an alternative deal, despite repeated requests from groups of ACP countries.

Under review, or under-reviewed?

The negotiations are being reviewed by the European

Commission. But the Commission has indicated that the review will be kept 'light'. This is in stark contrast to the wishes of ACP countries as well as of EU member states. They are calling for a full examination of the proposed deals and are urging the EC to demonstrate how EPAs will help tackle poverty. Poor countries have also expressed their wish for the review to explore alternatives to EPAs. Far from being 'light', they want a meaningful process that will trigger changes in the negotiations.

"We express our profound disappointment at the stance taken by negotiators of the European Commission."

African Union Trade Ministers Declaration on EPAs, Nairobi, April 2006



Market Nairobi (Moiria Nash/Traidcraft)



Sugar Farmers, Mumias, Kenya (Jacob Owiti Odongo/Tradecraft)

Unions speak out

Trade unions across the ACP are increasingly concerned about the threats to their rights and their very livelihoods posed by these agreements.

- Many unions in Nigeria, such as the Nigeria Labour Congress and the Trade Union Congress of Nigeria, believe that their economy is not yet ready for trade liberalisation through an EPA and that the potential impact would be harmful to their sectors.
- The Farmers Union of Malawi has warned that countries like Malawi are very unlikely to benefit from access to EU markets. A statement in August 2006 said, 'The Union is urging the government and its partners in the Southern and Eastern African region to seriously reconsider the implications of these new trade deals before signing the deal with the European Union.'
- The Ghana TUC opposes the

creation of a level playing field with the EU through an EPA. It argues that poor countries must have the right to protect key sectors even if they are not competitive. The TUC is calling for safety clauses so that countries can use tariffs to protect vulnerable producers if cheap imported products start to flood in.

- Union leaders in southern Africa have expressed deep concern at the lack of trade union participation in the negotiations and the risks posed by an unequal agreement with the EU. Meeting in February 2006, the Southern Africa Trade Union Coordinating Council stated that in their region there is a real fear "that trade liberalisation will result in a flood of cheap imports, thereby destroying 'infant' local industries, creating mass unemployment in the process". The Council committed itself to defend members' interests and to mobilise them on EPAs.

"We will fight for a fair and developmental outcome [...] We know that only solidarity can help us now. Quiet diplomacy will never work. We need to march in our thousands, we need to shout..."

Workers of Africa, workers from the developing countries and workers from the world are building solidarity and unity with the poor across the globe. We are united to say enough is enough!"

Zwelenzima Vavi, General Secretary of COSATU (Congress of South African Trade Unions), speaking in September 2006

"I am here as the voice of the voiceless, the farmers and the workers who will be affected if these agreements are reached in their current format."

Benito Eliasi, Farmers Union of Malawi

What we are calling for



Sugar Farmers, Mumias, Kenya (Jacob Owiti/Odongo/Traidcraft)

Global poverty will not be tackled unless we challenge these unfair trade deals and the threats they pose to workers' rights. Trade unions across the ACP are mobilising to counter this threat – and they need your help.

Negotiations are due to be completed by the end of 2007, and the deals are to take effect in 2008. EU governments must speak up urgently on EPAs and champion a new approach.

EU governments must state publicly that the European Commission's current approach to EPA negotiations will damage the livelihoods, working conditions and economic development potential of ACP countries. They should call on the European Commission to propose alternative options. Governments must champion a thorough review of EPAs and ensure its findings are taken on board.

What you can do

You can help change the way the

EU approaches these negotiations.

Please call on your government to listen to the repeated concerns of developing countries. EU governments should:

- call on the European Commission to change their approach to the negotiations, and propose alternative deals that will help reduce poverty.
- champion a thorough review of EPAs and confirm that the negotiations will be adjusted to take account of its findings.
- ensure that respect for ILO core labour standards is an integral part of any agreement. Rigorous impact assessments should be carried out to examine the

impact of any new agreement on jobs, so that ACP governments and their citizens can make an informed decision on whether to sign an EPA.

- push for changes to the EU's negotiating mandate so that it drops its unfair demands for trade liberalisation and negotiations on issues that the ACP have already rejected.

Please take action in solidarity with workers across the 75 affected countries.

Please write to your trade minister today, making the points outlined above.

Target your trade minister today!

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Stay involved!

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In the UK we are working alongside more than 80 organisations, campaign groups and unions in the Trade Justice Movement.

The Trade Justice Movement, campaigning as part of the 'Stop EPA Campaign' which has more than 150 member organisations across Europe, Africa, the Caribbean and Pacific.

To find out the latest campaign activities across Europe go to: www.epa2007.org or contact your own union to find out what they're doing.



Nairobi Market (Maira Nash/Traidcraft)