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**TUC Briefing****The EU-India Free Trade Agreement  
July 2012**

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## The EU-India Free Trade Agreement

Launched in 2007, the ongoing negotiations for an EU-India Free Trade Agreement (FTA) have thrown up a range of worrying issues for workers. In 2011, the TUC Congress passed a motion opposing the trade deal given its likely negative impact. [Key Indian trade unions](#) have also spoken out against it. This briefing note explains these concerns in more detail.

### 1. Respect for labour standards

To ensure that our trading partners are not violating workers' rights to gain an unfair trade advantage, the TUC calls for trade agreements that include binding commitments to respect international labour standards. While the EU supports the inclusion of such standards in so-called sustainable development chapters, such commitments are not binding, and therefore easily ignored in practice.

The Indian government has strongly opposed the inclusion of labour standards in the deal. And it has yet to sign up to the International Labour Organisation's core labour standards on ending child labour and on freedom of association and the right to collective bargaining.

See also:

International Trade Union Confederation (September 2011) [Internationally-recognised core labour standards in India](#)

Economic Times (7 November 2009) [Labour pangs likely to hold up India-EU free-trade agreement](#)

### 2. Movement of workers (Mode 4)

The key interest for the Indian government in the negotiations is to secure better access for Indian workers to come to the UK and the rest of Europe to work for short periods of time.

The TUC believes that such "Mode 4" (a term taken from the WTO services treaty) liberalisation should not lead to the exploitation of Indian workers, nor to the undercutting or unemployment of those already in the resident labour market. Yet neither the EU nor the UK has conducted an assessment of the likely impact that

Mode 4 will have on the quality and quantity of employment. Nor have they shared any information about what is being negotiated.

The TUC is [calling for](#), among other things, assurances that those coming to the UK receive at least an equivalent reward package to those already undertaking the same work. The TUC is also calling for a safeguard mechanism that allows member states the right to close off entry to Mode 4 workers into a particular sector where pre-determined distortions, such as unemployment, occur in the local labour market.

See also:

TUC (June 2011) [Briefing on Mode IV under the EU-India Free Trade Agreement](#)  
Bureau of Investigative Journalism (11 July 2012) [How City lobby supported controversial Indian trade deal](#)

### **3. Investment**

The EU is seeking to negotiate an investment chapter in the agreement to protect EU business from expropriation and unfair treatment. Yet such protections are increasingly being used by multinationals to challenge legitimate government action in secretive international tribunals.

For example, French multinational Veolia has just taken the Egyptian government to the International Center for the Settlement of Investment Disputes over, among other things, recent increases in the minimum wage. And earlier in June, Swedish company Vattenfall filed a case against the German government for restricting the use of nuclear power. In 2010, Philip Morris took similar action against Uruguay because it decided to require bigger tobacco warning labels on cigarette packaging.

Such loopholes are undermining the ability of governments to act in the public interest and need to be closed. Further, such investment chapters should place binding social and environmental responsibilities on foreign investors, drawing on instruments such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

As UNI Global Union argues, any opening up of India's retail market to foreign competitors should come with appropriate safeguards to prevent the so-called "Walmart effect" – the erosion of the number and quality of jobs across the retail, logistics, agricultural and manufacturing sectors. Such safeguards should include requirements to recognise unions, a national tripartite wage board for the industry, and a statutory agency to enforce rules around local goods and services and fair sourcing terms for suppliers.

See also:

TUC (2 March 2011) [Act now for a fair EU investment policy!](#)

TUC (August 2010) [EU investment treaties – can we have labour standards with that?](#)

UNI Global Union (March 2012) [Walmart's global track record and the implications for FDI in multi-brand retail.](#)

#### **4. The poorest in India**

Agriculture supports about 70 percent of Indians - many of them living in chronic hunger - and 75 percent of all women workers in the labour market. As the EU's own sustainability impact assessment concludes, many of these people will lose out under the FTA given that the likely removal of the comparatively high levels of tariff protection for agricultural goods.

Dairy provides for a third of gross income in rural households and nearly half of that for the landless. And about half of all small holders and landless farmers rely on poultry for between 10 to 20 percent of their income. Both sectors are set to lose their protection under the FTA hurting the incomes of people already on the margins of subsistence.

As the impact assessment concludes, workers losing jobs in agriculture will struggle to move into the sectors expected to benefit from the FTA, typically higher-skilled service industry jobs in cities – with the exception of textiles. Therefore it is critical that liberalisation only proceeds with the pace and flexibility to allow those workers to find decent work. And this in turn depends on strengthening India's fragile systems of social protection and labour market institutions to support them during that process.

See also:

ECORYS (2009) [Trade Sustainability Impact Assessment for the FTA between the EU and India](#)

Heinrich Böll Foundation et al (7 February 2012) [Right to Food Impact Assessment of the EU-India Trade Agreement](#)

#### **5. Access to medicines**

India has developed a generic drug industry that has enabled it to become the pharmacy of the developing world, supplying cheap medicines to combat serious diseases and illnesses. According to Oxfam, over 80 percent of HIV/AIDs medicines are manufactured by generic drug companies in India and that is a key reason why the annual price of treatment has fallen from US\$10,000 per to less than \$80.

Yet the EU is asking India to accept tougher rules on intellectual property protection in the agreement, which could undermine this industry and the cheap medicines it produces.

The European Parliament passed a resolution on 6 April 2011 insisting that investment chapter “provisions should avoid negatively impacting the production of generic medicines...”. Yet without access to the negotiating text, we have no idea if such concerns are being taken on board.

See also:

Oxfam (9 February 2012) [Oxfam calls on EU not to shut down 'pharmacy of the developing world'](#)

European Parliament resolution, 6 April 2011 [on a future European international investment policy](#)

### **6. Secrecy and no proper impact assessment**

It has been very difficult for EU and Indian civil society to get access to information about the negotiations. The main sources of information that trade unions have obtained have come from leaks. This only deepens the growing mistrust with how trade policy is made.

Further, although the European Commission did carry out an impact assessment for the agreement, this failed to cover a range of critical areas. That is why the European Economic and Social Committee has called for new studies covering, “in particular Mode 4, SMEs, labour rights, women, consumer protection, the informal economy, agriculture poverty and the impact on the accessibility of basic products such as life-saving medicines”. The European Commission is yet to do any of this.

See also:

International Metal Workers Federation (February 2012) [Trade Unions discuss EU India FTA](#)

Indian trade unions and civil society (21 September 2008) [Immediately halt EU-India FTA negotiations](#)

European Economic and Social Committee, (27 October 2011) [The role of civil society in the free trade agreement between the EU and India](#)

**TUC Congress 2011: 70 World Trade Organisation Mode 4 provisions and EU trade agreements**

Congress notes the EU is negotiating a multi-billion pound free trade agreement with the Indian Government that includes World Trade Organisation Mode 4 provisions, which will allow transnational companies to bring in local labour to work temporarily inside the EU, including the UK.

Congress is alarmed Mode 4 will mean it will be almost impossible to enforce employment rights for Indian workers because they will be employed by 'companies of convenience' with their employment contracts registered in India, outside the jurisdiction of UK courts.

Congress is appalled Mode 4 also allows for the negation of other domestic legislation that protects workers, which will lead to the displacement of existing workers from their jobs, exploitation of migrant workers and the undercutting of those already resident in the labour market. This will also result in an attack on collective agreements and trade union organisation.

Congress condemns the fact that the free trade agreement is also about liberalisation of sections of the Indian economy, EU access to public procurement, and strengthening the power of EU business in India without strengthening their obligations to provide decent work for Indian workers.

Congress notes the agreement is to be concluded by December 2011 and requires ratification by member states.

Congress welcomes that TUC representations have been made and welcomes the support of Indian trade unions.

Congress calls for a campaign against this agreement, a raising of awareness with the public, media and politicians and, if the agreement is implemented, safeguards to prevent exploitation and protect jobs, conditions and employment rights.

Congress notes the proliferation of FTAs benefiting multinationals in places where trade unionists are routinely tortured and killed, i.e. Colombia and Central America, and calls on the EU not to make agreements that undermine democratic accountability in host countries.