



STOP UNFAIR TRADE  
DEALS BETWEEN EUROPE  
AND ACP COUNTRIES

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Berlin, 1. February 2007

Dear Chancellor Angela Merkel,

During 2007 you have far reaching influence on shaping European Union (EU) policies as holder of the EU presidency and as host of the G8 summit. In your address to the German Parliament on December 14<sup>th</sup> 2006, you stated your intent to focus on a genuine partnership between poor developing countries in Africa and the EU. During your presidency you have a historic opportunity to ensure that trade agreements of the EU with developing countries contribute to the eradication of poverty and promote sustainable development in many of the world's poorest countries.

Within the framework of the Cotonou Agreement, Economic Partnership Agreements (EPAs) are currently being negotiated between the EU and 75 African, Caribbean and Pacific (ACP) countries. These countries have repeatedly voiced their concerns about the impact of the proposed agreements on their economies, environment, on regional integration initiatives and the livelihoods of their people.

The current proposals are likely to keep millions of people in poverty, cripple developing countries' fledgling industries, damage the environment and severely reduce their policy space for autonomous trade and investment policy decisions. Rather than pushing ACP countries to accept comprehensive free trade agreements, the EU must offer fair alternatives that enhance the potential for development of ACP countries.

In 2007, Germany has many opportunities to help eradicate poverty in ACP countries. Civil society organisations from the EU and the ACP therefore ask you to use the EU presidency to ensure that EU Member States take the following recommendations into consideration:

#### **1. Offer alternatives**

The European Commission has been pursuing very stringent negotiation schedules and has pushed the negotiations regarding trade and development cooperation with ACP countries towards reciprocal Free Trade Agreements. According to the Cotonou Agreement, the EU is obliged to offer ACP countries alternatives to EPAs should countries not be in a position or willing to conclude an EPA. Still, there has been no serious consideration of alternative options to Free Trade Agreements, making it difficult for ACP countries to make informed choices as to what their best options would be.

#### **Recommendation:**

*A range of alternatives to EPAs should be examined urgently, in compliance with Article 37.6 of the Cotonou Agreement. This must include arrangements without reciprocal market liberalisation, without Singapore Issues, and without WTO-plus provisions, particularly in relation to intellectual property and services. In order for ACP countries to have a true choice of options, various alternative scenarios of cooperation should be jointly elaborated.*

## **2. Take the time pressure off negotiations**

The EPAs negotiations are scheduled to be completed before the end of 2007 so that they can enter into force on 1 January 2008. However, less than a year before the deadline, the ACP countries can still not oversee the complex consequences that EPAs would have for their economies because of a lack of solid impact assessments and the fact that a number of fundamental issues remain unresolved. For this reason an increasing number of ACP countries have already stipulated at least a three-year extension of the negotiations and also depending on future developments within the WTO.

### **Recommendation:**

*EU Member States and the European Commission must seriously consider the request for extending the negotiations in order to live up to their promises under the Cotonou Agreement: "The ACP States shall determine the development strategies for their economies and societies in all sovereignty ... ." In the same vein, sufficient time needs to be given for the consolidation of regional integration processes (see below). EU Member States and the European Commission should in any case urgently elaborate an interim regime of equivalent ACP-market access to the European Union to guarantee the continuation of ACP exports to the EU should the negotiations not be completed by the end of 2007.*

## **3. Maintain non-reciprocity and the right to protect**

Under the Everything but Arms (EBA) Initiative, Least Developed Countries (LDCs) have duty-free market access for the vast majority of their exports into the EU. For the remaining developing countries in the ACP, however, it is unlikely that market access will be expanded much beyond the preferences they already had under the Lomé Conventions and without an agreement or proper transitional arrangements in place, they stand to lose even these important trading opportunities. So far, it seems unlikely that the barriers that undermined the effectiveness of preferential agreements will be removed. Even with an EPA, it is likely that ACP exporters will continue to face stringent rules of origin, ever-increasing sanitary and phytosanitary standards (SPS), and tariff escalation and residual tariffs on key value chains. While market access is unlikely to substantially improve and is anyway subject to increasing preference erosion, ACP countries are being asked to give up valuable policy space to protect local agricultural production or infant industries if they have to eliminate tariffs on almost all EU imports.

### **Recommendation:**

*Any future trade arrangements must provide at least equivalent value access to EU markets for ACP countries. Furthermore, these negotiations provide an opportunity to address issues such as simplifying preferential rules of origin, that have limited ACP countries' capacities to use preference schemes, including EBA, to increase and diversify their exports. In order to respond to the development needs of ACP countries, including the protection of small farmers, local markets and infant industries, job creation and the promotion of rural development, and to guarantee the necessary policy space for these governments to pursue their own development strategies, the EU should not demand reciprocal market opening by the ACP. Any future trade agreement would have to entail adequate and easily applicable safeguard mechanisms and would need to allow for the continuation of tariff protection on a far greater share of their imports than the EU is currently prepared to accept. Furthermore, rules of origin, including those under the EBA initiative, need to be reviewed and simplified, as a matter of urgency.*

#### **4. Promote self-determined regional integration processes**

Art. 35.2 of the Cotonou Agreement reads: “*Economic and trade cooperation shall build on regional integration initiatives of ACP States, bearing in mind that regional integration is a key instrument for the integration of ACP countries into the world economy.*” However, regional integration is still at early stages in most ACP regions. Structural weaknesses continue to hamper the development of economies of scale and intra-regional economic integration while current negotiating configurations in some cases undermine existing regional integration initiatives. Additionally, the clustering of LDCs and non-LDCs within the same negotiating groups will actually increase regional tensions rather than promote closer regional cooperation given the wide disparities of potential costs and benefits of new EU trade agreements for structurally unequal countries within the same grouping.

#### **Recommendation:**

*Any future trade arrangements between the EU and ACP countries should foster, not undermine indigenous regional integration processes, respecting the pace and political priorities chosen by ACP regions. Trade cooperation should support ACP countries’ existing policy priorities and autonomous initiatives to build and consolidate their own regional and interregional markets as well as fully respect regional development strategies.*

#### **5. Unconditional exclusion of new trade-related issues and WTO-plus provisions**

The EU exerts pressure on ACP countries to start negotiations on new trade-related issues including investment, competition and government procurement. Yet ACP countries have repeatedly stated that they reject negotiating rules deals on these issues with the EU. Equally the EU is stipulating more liberalisation in the services sector and more stringent intellectual property rules than agreed in the WTO. Negotiating on these issues further stretches limited ACP negotiating capacity and does not take into account the lack of regional positions, policies and institutions on these issues in particular. These trade related issues govern countries’ policy choices which determine their ability to discriminate in favour of local entrepreneurs, select and manage the presence of multinational corporations, and even to regulate to achieve social and environmental objectives.

#### **Recommendation:**

*The EU should stop insisting on the inclusion of new issues including investment, competition policy and government procurement as well as of WTO-plus provisions for services and intellectual property rights in any trade arrangement with ACP countries. If countries wish to include any of the trade-related themes these should follow an explicit over-arching development perspective without reducing the necessary policy options for ACP countries.*

#### **6. Ensure Transparency and Civil Society Participation**

The Cotonou Agreement calls for the participation of civil society organisations “in order to encourage the integration of all sections of society ... into the mainstream of political, economic and social life”. It states that “non-State actors shall ... be informed and involved in consultation on cooperation policies and strategies, on priorities for cooperation especially in areas that concern or directly affect them, and on the political dialogue”. However, civil society organisations, particularly those representing the most affected and vulnerable sections of society, are often not consulted with regard to key policy options, let alone the content of negotiation texts.

**Recommendation:**

*In compliance with the Cotonou Agreement, the European Commission, EU Member States, and ACP governments should hold comprehensive consultations with civil society organisations due to their “complementary role of and potential for contributions ... to the development process” and especially with the representative organisations of farmers and workers as the sectors most heavily affected by the envisaged trade agreements.*

We have also forwarded this letter to your colleagues Heidemarie Wieczorek-Zeul, Federal Minister for Economic Cooperation and Development and Michael Glos, Federal Minister of Economics and Technology.

Yours sincerely,

Action for Southern Africa (ACTSA), United Kingdom  
Action of Christians for the Abolition of Torture, The Netherlands  
action medeor, Germany  
Adventistische Entwicklungs- und Katastrophenhilfe Deutschland (ADRA), Germany  
Adventistische Entwicklungs- und Katastrophenhilfe EU (ADRA), Belgium  
Afrika-Europa Netwerk, The Netherlands  
Africa Europe Faith & Justice Network (AEFJN), Belgium  
Africa Groups of Sweden, Sweden  
Aktion Bundesschluss, Germany  
Allavida, United Kingdom  
APRODEV – Association of World Council of Churches related  
Development Organisations in Europe, Belgium  
APT Enterprise Development, United Kingdom  
Arbeitsgemeinschaft Entwicklungshilfe (AGEH), Germany  
Arbeitsgemeinschaft Entwicklungszusammenarbeit (AGEZ), Austria  
ATTAC Denmark, Denmark  
ATTAC Deutschland, Germany  
ATTAC Finland, Finland  
ATTAC France, France  
ATTAC Österreich, Austria  
BanaFair, Germany  
Banana Link, United Kingdom  
Berliner Entwicklungspolitischer Ratschlag (BER), Germany  
Berne Declaration, Switzerland  
BOND (British National Platform of Development NGOs), United Kingdom  
Both ENDS, The Netherlands  
Broeders van Maastricht, The Netherlands  
Brot für die Welt, Germany  
BUNDjugend – Young Friends of the Earth Germany, Germany

Bureau Internationale Solidariteit Roermond, Netherlands  
Campaign for the reform of World Bank, Italy  
CARE Danmark, Denmark  
Centre For Social Concern, Malawi  
Christian Aid, Ireland  
Christian Aid, United Kingdom  
Church of Sweden Aid, Sweden  
CIDSE – International Cooperation for Development and Solidarity, Belgium  
CMC Mensen met een Missie, The Netherlands  
Coalition of the Flemish North-South Movement - 11.11.11 , Belgium  
Collectif ALIMENTERRE, France  
Comhlámh – The Irish Association of Development Workers, Ireland  
Comité Afrique Australe, Belgium  
Comité Français pour la Solidarité internationale (CFSI), France  
Commissie Kerk en Samenleving, The Netherlands  
Commission for Justice, Peace and Integrity of Creation of the Divine Word  
Missionaries, The Netherlands  
Community of St. John, Amersfoort, The Netherlands  
Congregatie van de Heilige Geest (CSSP), The Netherlands  
Congregatio Immaculati Cordis Mariae (CICM), The Netherlands  
Congregation of the Brothers FIC, The Netherlands  
Corporate Europe Observatory, The Netherlands  
Consumer Unity & Trust Society – Africa Resource Centre (CUTS-ARC), Lusaka  
Dachverband Entwicklungspolitik Baden-Württemberg, Germany  
Das Hunger Projekt, Germany  
Deutsche Kommission Justitia et Pax, Germany  
Deutsche Stiftung Weltbevölkerung (DSW), Germany  
Diakonia, Sweden  
Difäm – Gesundheit in der Einen Welt, Germany  
Divine Word Missionaries (SVD), The Netherlands  
Don Bosco Network for Human and Social Development, Germany  
Dreikönigsaktion (DKA), Austria  
Dutch Association of Worldshops, The Netherlands  
Dutch Province of the Society of African Missions, The Netherlands  
Ecologistas en Acción, Spain  
EIRENE – Internationaler Christlicher Friedensdienst, Germany  
Evangelischer Entwicklungsdienst (EED), Germany  
Evert Vermeer Foundation, The Netherlands  
Fairfood, The Netherlands  
Fair Italy, Italy  
Fernande Roy missionary sisters of Our Lady of Africa, Canada  
FIAN Belgium, Belgium  
FIAN Deutschland, Germany  
FinnChurchAid, Finland

Forum Umwelt und Entwicklung, Germany  
Foundation for Gaia, United Kingdom  
Foundation Mirembe , The Netherlands  
Franciscanessen van Etten, Werkgroep Öpenheid naar de wereld, The Netherlands  
Frauen für Gerechtigkeit im Südlichen Afrika (FfG), Germany  
Friends of the Earth Europe, Belgium  
Friends of the Earth Denmark, Denmark  
Friends of the Earth Finland, Finland  
Friends of the Earth Ireland, Ireland  
GATS Platform, Netherlands  
Gerechtigkeit jetzt! - Die Welthandelskampagne, Germany  
Germanwatch, Germany  
Global Policy Forum Europe, Germany  
Gossner Mission - Referat Afrika, Germany  
GroenLinks-Heerlen, The Netherlands  
Health Unlimited, United Kingdom  
HelpAge International, Belgium  
Herz Jesu Missionare, Belgium  
Holy Ghost Fathers, Belgium  
IBIS, Denmark  
INKOTA-netzwerk, Germany  
Interchurch organisation for development co-operation (ICCO), Netherlands  
International Aid Services (IAS), Sweden  
International Coalition for Development Action (ICDA), Belgium  
International Nepal Fellowship (INF), United Kingdom  
International religious community of the Haque, The Netherlands  
Internationale Frauenliga für Frieden und Freiheit (IFFF), Germany  
Islamic Relief Deutschland, Germany  
Islamic Relief Worldwide (IRW), United Kingdom  
Jubilee Zambia, Zambia  
KAيروس Europa, Germany  
Kehys – Finnish NGDO platform to the EU, Finland  
Kepa – Service Centre for Development Cooperation, Finland  
Kerk en Samenleving, Par. Maria Geboorte, The Netherlands  
Kindernothilfe, Germany  
Kirchliche Arbeitsstelle Südliches Afrika (KASA), Germany  
Kirkens Nødhjelp / Norwegian Church Aid, Norway  
Kleine Zr.vd.H.Jozef te Heerlen, The Netherlands  
Koordination Südliches Afrika (KOSA), Germany  
Kordinierungskreis Mosambik, Germany  
K.U.LU. – Women and Development, Denmark  
Lokaalmondiaal, The Netherlands  
Mainzer Arbeitskreis Südliches Afrika (MAKSA), Germany  
Manitese, Italy

Marie-Schlei-Verein, Germany  
Martin-Niemöller-Stiftung, Germany  
Medico International, Germany  
Medische Missiezuster, The Netherlands  
Melania Foundation, The Netherlands  
Menschen für Solidarität, Ökologie und Lebensstil (SOL), Österreich  
Methodist Relief and Development Fund, United Kingdom  
Micah Challenge Zambia, Zambia  
Mill Hill Missionaries, The Netherlands  
Millennium Solidarity, Switzerland  
Misereor, Germany  
Missiehuis van Scheut, Belgium  
Missiesecretariaat Den Bosch, The Netherlands  
Missionaries of Africa, The Netherlands  
Missionarissen van het Heilig Hart, The Netherlands  
Missionary Sisters of O.L. of Africa, The Netherlands  
M.O.V.-groep Maarheeze, The Netherlands  
MS – Danish Association for International Co-operation (The EUAfricaGroup), Denmark  
Nätverk södra Afrika, Sweden  
Netherlands White Fathers, The Netherlands  
Nederlandse Provincie Congregatie Dochters van Onze Lieve Vrouw van het Heilig Hart, The Netherlands  
Netzwerk Afrika Deutschland, Germany  
Österreichische Berg- und Bergbäuerinnenvereinigung (ÖBV), Austria  
Österreichische EU-Plattform entwicklungspolitischer Nichtregierungsorganisationen, Austria  
Oxfam International  
Oyugis Integrated Project Foundation, The Netherlands  
Parshioners of the Catholic Parish of the Blessed Sacrament. The Netherlands  
Pastorale Eenheid St. Trudo, The Netherlands  
People & Planet, United Kingdom  
Platform for an Alternative Agricultural Policy (PAL), The Netherlands  
Practical Action, United Kingdom  
Priesters van het H.Hart, The Netherlands  
Public and Commercial Services Union, United Kingdom  
Quaker Council for European Affairs (QCEA), Belgium  
Responding to Conflict, United Kingdom  
Rugmark, United Kingdom  
Södra Afrikaföreningen i Skåne (SAFRAN), Sweden  
SOS Faim, Belgium  
Southern Africa Contact, Denmark  
Sozial- und Entwicklungshilfe des Kolpingwerkes, Germany  
Spiritan Community at Weert, The Netherlands  
Spiritaner – Missionsgesellschaft vom Heiligen Geist, Germany

Stichting MOV Udenhout, The Netherlands  
Student Christian Movement, United Kingdom  
Steyler Missionare (SVD), Belgium  
Stiftung Nord-Süd-Brücken, Germany  
SÜDWIND, Institut für Ökonomie und Ökumene, Germany  
Tearfund, Ireland  
Tearfund, United Kingdom  
terre des hommes, Germany  
Tourism Concern, United Kingdom  
Trade Justice Movement, United Kingdom  
Traidcraft Exchange, United Kingdom  
Transnational Institute (TNI), The Netherlands  
Trócaire, Ireland  
Ursuline Sisters of Bergen NH, The Netherlands  
VENRO – Verband entwicklungspolitischer deutscher Nichtregierungsorganisationen,  
Germany  
Vredeseilanden, Belgium  
Weltfriedensdienst (WFD), Germany  
Welthaus Bielefeld, Germany  
Weltwirtschaft, Ökologie & Entwicklung (WEED), Germany  
Wemos Foundation, The Netherlands  
Werkgroep Congo-Ned, The Netherlands  
Werkgroep gerechtigheid en vrede fdnsc en msc, The Netherlands  
Werkgroep zending, werelddiaconaat, ontwikkelingssamenwerking en evangelisatie  
Protestantse Kerk Helmond, The Netherlands  
Werkstatt Ökonomie, Germany  
Werkverband Religiëuzen voor Gerechtigheid en Vrede, The Netherlands  
WIDE – Network Women in Development Europe, Belgium  
Wijkpastoraat Oude Noorden, The Netherlands  
Women's International League for Peace and Freedom (WILPF), United Kingdom  
World Development Movement (WDM), United Kingdom  
World Rural Forum, Spain  
World Vision, United Kingdom  
Worldshop Klotet, Sweden  
X-Y Solidarity Fund, The Netherlands  
Zusters Franciscanessen, The Netherlands