



Editorial

Economic Partnership Agreements, Poverty and Development: Lessons from a Study Trade

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In 2003, civil society organisations from five ACP countries joined Eurostep (European Solidarity Towards Equal Participation of People) in carrying out a study on the impact on poverty of the Economic Partnership Agreements (EPAs) being negotiated between Europe (EU) and African, Caribbean and Pacific (ACP) countries. The five countries involved were Ghana, Benin, Cameroon, Dominican Republic, and Jamaica. The study focused on agricultural sectors (poultry, cotton, shrimp, cocoa and dairy) that have the greatest impact on the poor and to what extent EPAs, as proposed by the EU, would effectively contribute to poverty eradication.¹ The study concluded that if EPAs are based on free trade as proposed by the EU, they will increase poverty in the ACP.

The study was launched in Brussels on March 30, 2004 at a Civil Society Dialogue meeting in the European Commission, followed by other meetings in Belgium, The Netherlands, and then the ACP countries that the study focused on. Has this study contributed to the negotiations and will it improve life for the poor in ACP countries? It may be a step towards bringing the problems to the attention of negotiators but the poor still feel as powerless as ever. ACP negotiators fear they will have to reduce import duties and open ACP markets further when their countries do not have subsidies and price support to protect their producers like the EC producers have. People in ACP countries are skeptical about the promises for development support being a higher priority than market access by the European Community because of past experiences.

Below I detail some experiences in the preparation and launch of the study which illustrate some of the key problems Jamaica and other ACP countries face with EPAs.

Researching on the chapter on Jamaica took me into the offices of Jamaican government officials dealing first-hand with ACP negotiations and back through the chain of communication to the representatives of the dairy and sugar farmer groups. It was useful to learn that at that time little was understood about the EPAs. The threat of losing the preferential sugar arrangement was of greatest concern to officials. Resources to conduct Impact Assessment Studies were limited and the human resources to attend discussions on all ongoing trade negotiations— Free Trade Agreement of the Americas (FTAA), World Trade Organisation (WTO), and EPAs— were stretched to impossible levels.

It became apparent to me that the government's relations with the Jamaican sugar sector was strong and long established, but the officials had little awareness of plans for the dairy sector or its potential for productive employment. Whereas the dairy farmer representatives were blamed by some observers of apathy, dairy farmers spoke of the lack of human or financial resources to engage with government on trade.

The research indicated that sugar is the largest agricultural earner of foreign exchange, at US\$92 million annually and employs 33,000; but the sector is under threat from the pressure to lose the preferential market arrangement with Europe. While the dairy industry is smaller it has the resources and potential to save US\$48 million on dairy imports and could employ 10,000 people directly, and more indirectly, to meet the demand in the local market alone. Providing for the demands of the local dairy market is valued at US\$9 billion by the Dairy Board.² The dairy farmers are pushing government to increase import duties on all dairy products to encourage processors to use local milk. The dairy farmers were shocked by the prospect of losing the already inadequate import duties to protect their local milk sales through a free trade-based EPA.

The latest poverty statistics for Jamaica have poverty worsening from 2001 to 2002 by 16%. Agriculture is cited as one of the main employment areas of the poor. Of the rural population, 27% are poor and 73% of the poor live in rural areas. In 2001, the majority of small farmers supplying milk lost their market as processors turned to imported milk powder.

Discussions with the European Commission when the study was launched highlighted several points, which further illustrate problems faced by the ACP. Any one point can be debated, but following are a few:

1. While the EC is convinced that regional integration in the ACP is essential and that regional platforms must be established to facilitate this integration, ACP regions themselves are doubtful as to whether regional integration address their problems of underdevelopment;
2. The ACP regions are being told that they themselves must decide on the limited number of products they can protect from free trade. This position conflicts with attempts to diversify production as the ACP countries have largely had histories of monoculture production and are trying to diversify but are slow because of supply side constraints;
3. In the face of criticism of its export subsidies, the European Community states that it is willing to remove export subsidies on particular products to particular countries once requested by a developing country to do so. But in the same breath, it claims that other developed countries may still dominate developing countries' markets because of other subsidy systems, and so the issue of subsidies is best resolved by the WTO;
4. The EC has argued that ACP civil society had access to the 20 million Euros set aside for ACP preparation for the negotiations. But civil society actors who have tried to access this fund have found it impossible because of numerous bureaucratic barriers and red tape;
5. The EC has admitted that its long-term aim is to have ninety percent average coverage of products by free trade, but the EC still claims that its interest in EPAs is in the development of ACP countries and not for EU commercial interests;
6. With regard to non-tariff barriers, the EC argues that its exceptionally high Sanitary and Phyto-sanitary Standards are demanded by EU consumers, therefore ACP regions will simply have to learn to meet them. This argument was made even though it was noted

that some EC standards are excessive and ACP involvement in standard setting is needed;

7. An encouraging point made by the EC was that it agrees with the Caribbean position for special treatment for Small Island Developing States (SIDS). But it became apparent that this positive support will only come with a trade off for Caribbean support within WTO to trigger the resumption of multilateral trade negotiations;³
8. In reference to the critiques made by the study on ACP government positions, the EC stated that they will not get involved in ACP country politics and the civil society groups will have to press their own governments;
9. Interestingly, the most negative response to the Study came from EC's Development Directorate who claimed there was no urgency to prepare for the EPAs because they are not until 2008 and WTO itself is still in debate.

In discussions with Poland and Estonia (two new EU Member States), their representatives claimed that their countries are also developing countries that are having difficulty facing globalization and showed little understanding of the ACP problems. Apparently, new Member States have been advised by the EC that EPAs will address ACP poverty problems. It was noted that Poland has nine embassies in ACP countries and Estonia has none.

At 'Africa Day' in Utrecht, the Netherlands the study was presented with Both ENDS (a Dutch non-governmental organisation) to an interested public audience including Members of Parliament and government officials. The Dutch gave the impression of being most supportive of development issues raised in the study. Kris Douma, a Dutch MP, said there is no real debate on free trade because of the hypocrisy in the discussions, in that CAP is in contrast to free trade. Kathlene Ferrier, MP, said dumping of products into the world market is not acceptable. She also felt that EU health and food standards will not be lowered, rather developing countries should be helped in meeting them.

Bringing the Trade Study back to Jamaica was timely with the formal April 16 launch of EPA negotiations between the Caribbean governments and the EU. It was encouraging to see Caribbean negotiators from Barbados and Brussels coming together for civil society dialogue meetings organized by the CPDC (Caribbean Policy Development Centre) and the ADA (Association of Development Agencies). The disappointment was the few people who were able to attend the session. It emphasized the need for networking for better representation of the people and the need for resources to educate and interest the public. A basic understanding of the opportunities and risks of these EPAs will have to be taken to the public and keeping it only in the printed media restricts the coverage, it must be publicized on the radio to have the issues widely understood.

The impact of the study observed shows it is a step in the right direction. It has brought specific examples of sectors that do employ many of the least advantaged in their societies to the forefront. These sectors have already been affected by decisions of policy-makers, mostly in a negative way, and the authors have seen the potential risk of liberalization to further worsen the situations. Having learnt from these mistakes, the document offers suggestions on how to

improve these sectors and so increase the number of people productively employed and also to improve the livelihoods of the people involved in these sectors. In Jamaica, many of those living in poverty are employed in agriculture and policy can help enhance the markets for their products and improve the technology employed. The public needs more information on poverty with which to pressure their policy makers. The policy makers of ACP countries need to fight harder in defense of their agriculture just as the developed countries have had a history of doing, which took them to where they are today.

Governments cannot take decisions without information and there is too much at stake for the Caribbean to settle for a free trade agreement, unless they are certain it will improve the social conditions of the people of the region. The resources provided at the moment for impact assessment studies or involvement of the most-vulnerable people are inadequate and more must be mobilized. The most-vulnerable people must be informed to the extent that they can make demands of their governments and this is best done by face-to-face dialogue or radio media. The governments must stop swaying between decisions that never have any significant impact. The world is moving towards trade with regional blocs and there is a lot more at stake than ever before, so we have to educate ourselves and learn the new rules of the game.

Notes

¹ Eurostep. 2004. *New ACP-EU Trade Arrangements: New Barriers to Eradicating Poverty?*
http://www.eurostep.org/pubs/trade_study.pdf

² Jamaica Dairy Development Board. 2004. "Dairy Facts And Figures 2002-2003."
<http://www.moa.gov.jm>

³ Jamaica Observer, The Week in Europe (May 2, 2004), 'Let's Be Cautious With Those EC Offers', David Jessop, Caribbean Council.



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