

Making trade work for development in 2005

What the EU should do

If real progress is to be made in 2005 on reducing poverty through trade, the EU must look towards its longer-term enlightened interests and rein in its search for short-term commercial advantage. To contribute to global prosperity and security, including Europe's, it should start actively backing developing countries' concerns at the G8, the WTO, and beyond. This paper sets out what Oxfam believes the EU should do in the run-up to the WTO Ministerial meeting in Hong Kong in December 2005.

Summary

The European Union (EU) has a powerful voice on international trade issues, and if its member states adopt an ambitious pro-development position at the WTO, at the G8, and in bilateral economic agreements with developing countries, it can ensure that trade contributes to poverty reduction.

Europe has repeatedly recognised that global trade is plagued by unfair rules, and that changes could lift millions out of poverty. However, Europe and the US are still putting their short-term mercantilist trade interests before development. For the first three years of the Doha Round the EU has acted very slowly on reforming agricultural trade, pressed for excessive trade liberalisation in developing countries, and failed to further open its own markets to developing countries. Unless the EU changes tack on trade, there are two dangerous scenarios for the end of the Doha Development Round: new trade rules will not drive development and poverty reduction; or the Round will fail. In either event, the risks for global prosperity, security and governance are real.

The first major opportunity for Europe to demonstrate its commitment to development-friendly trade is in its sugar reform proposals in June 2005. This will be followed by the G8 summit, where France, Germany, Italy, and the UK could push for clear statements on reducing Northern protectionism, on farm trade reform, on not forcing inappropriate liberalisation in developing countries, and on increased trade-related aid.

The EU must then take a much more flexible position on agriculture, non-agricultural market access (NAMA) and services at the critical WTO General Council meeting in late July, which is a prerequisite for success at December's WTO Ministerial Conference in Hong Kong. This means reducing pressure on poor countries to open up their markets to international companies, while reducing the barriers that Europe maintains against imports from developing countries.

Oxfam urges the EU in 2005 to:

- Press at the WTO for an early end-date for export subsidies and reform of domestic subsidies which also contribute to dumping.
- Make sharp cuts in domestic sugar production and increase imports from the poorest countries at remunerative prices.
- Support the West African cotton initiative at the WTO and press for a solution to the cotton-dumping issue before Hong Kong.
- Promote the right of poor countries to decide their agricultural policies within WTO and regional trade agreements.
- Allow developing countries to choose the pace, scope, and coverage of tariff reduction in the NAMA negotiations, in line with their development needs.

- At the WTO, agree to reduce EU tariff and non-tariff barriers to developing-country manufactured exports, and support LDC demands for duty-free, quota-free access to industrialised-country markets.
- Ensure that any Economic Partnership Agreements (EPAs) with Africa, Caribbean and Pacific (ACP) countries include the principle of non-reciprocity, and exclude the Singapore Issues, unless requested. The EU must also offer an alternative to EPAs.
- Stop pressing for basic public services to be included in the WTO services agreement.
- Support developing countries which wish to limit patent rights in order to ensure access to medicines.
- Regulate EU business in developing countries in order to increase social, economic, and environmental benefits.
- Offer substantial new trade-related aid, without economic policy conditions attached and without adding to the existing debt burden.

Introduction

2005 is a critical year in the effort to 'make poverty history', in which trade is a vital component. The countdown to the all-important Ministerial Conference of the World Trade Organisation (WTO) in Hong Kong in December is well underway, but there are great challenges ahead if rich countries are to deliver on their promise in the Doha Declaration to put development at the centre of global trade reform.

The European Union (EU) has a powerful voice on international trade issues, and if its member states adopt an ambitious pro-development position at the WTO, at the G8, and in bilateral economic agreements with developing countries, it can ensure that trade contributes significantly to poverty reduction and the achievement of the Millennium Development Goals. For the first three years of the Doha Round, however, the EU has acted very slowly on reforming agricultural trade, has pressed for excessive trade liberalisation in developing countries without due regard for the impact on development, and has failed to further open its own markets to developing countries so that they can earn their way out of poverty.

We are now at a point in the WTO round where the advanced industrial powers such as the EU must abandon their short-term mercantilist approach to trade negotiations and make moves on the most contentious issues, or risk another crisis in the multilateral system. Agriculture, excluded from reform for decades by Europe, the USA, and Japan, is now the centrepiece. Farming is an important economic sector in many developing countries, especially in terms of employment, so the rules governing agricultural trade and the use of subsidies are vital development issues. Moreover, if there is no deal on agriculture at the Hong Kong conference, there is no round, and if there is no round, there is effectively no WTO. This leaves developing countries vulnerable to bilateral agreements, where they have much less bargaining power.

There is still just enough time for the EU to change direction and support the legitimate demands of developing countries for an end to the rigged rules and double standards of international trade. Such a commitment by Europe to put long-term global prosperity and security before immediate commercial advantage will put pressure on other big players at the WTO, notably the USA, to follow suit. The G8 summit and WTO General Council in July are key stages on the road to Hong Kong at which the EU member states and the European Commission must demonstrate leadership.

This note sets out what Oxfam believes should be the EU trade agenda under the Presidencies of Luxembourg and the UK in both the multilateral and bilateral arenas, if Europe really has the political will to 'make poverty history'.

1 Agricultural reform

Under the Common Agricultural Policy (CAP) and the US Farm Act, both the EU and USA continue to provide farm subsidies, which support uncompetitive and unsustainable production and lead to large, exported surpluses. While the EU has taken some steps to reform its agricultural policies in recent years, progress has been slow and the debate is dominated by self-interest and intransigence on the part of most EU member states. The EU must address the following issues as a priority in 2005:

Unfair agricultural subsidies

The EU argues that recent reforms to the CAP address the problems of overproduction and export dumping by breaking the link between subsidies and production, but this is not the case. First, most EU Member States are keeping some production-linked subsidies, which may lead to dumping. Second, there is evidence that even 'decoupled' payments are very likely to affect production levels, and therefore trade.

The EU should urgently review the trade impact of domestic subsidies, with a view to further reform that would target subsidies more effectively on Europe's social and environmental goals. The EU Presidencies in 2005 should also reopen discussion on the European Commission's 2003 proposal of placing a ceiling on individual farm payments under the CAP. Limits on payments are currently under discussion in the US draft budget, and should form part of the WTO negotiations on agriculture.

Pro-development sugar reform

The EU Agriculture Commissioner, Mariann Fischer Boel, has said that Europe must demonstrate its commitment to pro-development trade reforms by changing its sugar regime before the WTO Ministerial in December. The European Commission will present legislative proposals for reform in June 2005, following the final WTO ruling on EU sugar subsidies issued in April. It is essential that the EU implements the WTO ruling quickly and in good faith.

EU sugar reform has huge implications for poor people and countries, and Oxfam believes that their interests should be at the heart of the EU sugar debate. Our research shows that in Mozambique and Zambia alone, pro-development reform of EU

sugar policies could lead to the creation of over 30,000 jobs in long-term, sustainable industries. However, while Oxfam welcomes Commissioner Fischer Boel's commitment to reform, current EU proposals are not nearly sufficient to ensure this outcome. Recent reports suggest that the Commission will propose extremely steep and rapid price cuts. If implemented, these proposals will hurt millions of people in poor countries – many of them in Africa – that currently rely on access to Europe's markets at higher than world prices.

Oxfam is calling for greater scaling back of Europe's own sugar production, to bring an end to dumping and to create space for more imports from the poorest countries. Along with the Least Developed Countries (LDCs), we support a more gradual price reduction, deeper domestic quota cuts, and a longer transition period than the Commission now advocates. Sugar-dependent countries that suffer as a result of EU sugar reform must also be given effective, additional adjustment assistance.

There are some member states that are pro-reform, but a group of ten countries, led by Spain, is actively promoting an alternative which, while proposing slower implementation, fails to call for reduced European production levels or increased market access for poor countries.

If the EU is to honour its repeated commitments to genuine – and sustainable – development in Africa and poor countries in other regions, it should actively work to build support for a reform that puts the needs of poor countries first.

2 At the WTO

2005 is a critical year to secure the prospect of a genuinely pro-development outcome to the Doha Round of negotiations. The EU has a key role to play in ensuring that this happens. As well as reducing European protectionism, the EU must recognise and respect developing-country interests, including the need to regulate imports appropriately. In particular the EU must push for:

An end to agricultural export dumping

Agricultural dumping has risen up the trade-negotiating agenda and is now seen publicly as one of the principal injustices of world trade. Ending dumping is a priority for many developing countries in the Doha Round. The recent report of the Commission for Africa¹ also drew attention to the issue and called for export subsidies and all trade-distorting support to end by 2010.²

The EU has committed itself to eliminate direct export subsidies, which is a welcome step, but it should agree before the conference in Hong Kong to an end-date of 2010 at the latest. The EU also needs to face up to the issue of domestic subsidies which also contribute to dumping.

In line with the explicit wishes of many developing countries, and in line with an albeit vague commitment in the WTO's July 2004 framework agreement, the EU should support a thorough revision at the WTO of supposedly 'minimally trade-distorting' subsidies (green box) and production-reducing subsidies (blue box), with a view to establishing tighter disciplines and ensuring that they serve genuine social and environmental goals without damage to the developing world.

Poor countries' right to decide their own agricultural policies

The EU has talked about the right of developing countries to protect their vulnerable farm sectors from international competition on grounds of food security and defence of rural livelihoods, and has committed itself on several occasions to 'special and differential treatment' for developing countries. However, the EU – and specifically the European Commission – has failed to put this support into action. It has not set out a meaningful proposal in the WTO, nor even said what mechanisms it would support.

Peter Mandelson has made some positive comments on this issue. However, there should be a clear statement from the EU that developing countries have the right to decide their own agricultural trade policies, allowing them to do so in accordance with their own development and poverty-reduction strategies. The recent Commission for Africa report endorses this, stating that decisions on whether or not to liberalise 'should not be dictated within trade agreements as part of mercantilist negotiations, or as part of World Bank or IMF programmes'.³

Many Oxfam partner organisations in developing countries see the right to manage their agricultural sectors as their major concern, given its importance in poverty reduction. At the WTO, assertiveness on this issue on the part of the G33 (a group led by Indonesia, which focuses on proposals for 'special and differential treatment' in agriculture) and G90 (the LDCs and other countries from Africa, the Caribbean, and Pacific) means that any insistence on excessive opening of markets will jeopardise agreement on agriculture and put at risk the success of the Hong Kong Conference and the whole trade round.

Oxfam is calling on the EU to come out in support of developing-countries' demands for proper 'special and differential treatment' for their agriculture. This would enhance the EU's development credentials without it having to face challenges from strong domestic lobbies. At the WTO, the EU should therefore support a separate tariff-reduction formula, the ring-fencing of food and livelihood security crops from liberalisation – so-called special products – and an automatic safeguard mechanism against agricultural import surges. However, European countries should not twist the argument for this 'special and differential treatment' for developing countries to justify protection of their own so-called sensitive products.

Support for the West African Cotton Initiative

At the WTO Ministerial conference in Cancun in 2003, four West African countries submitted an initiative to reform cotton subsidies. The overwhelming majority of WTO members publicly recognised the importance and urgency of the issue. In March 2004, the WTO confirmed that US cotton subsidies had a price-suppressing effect on world prices and were illegal. As in the case of the EU's illegal sugar subsidies, it is crucial that the US implements this ruling swiftly and in good faith.

Worryingly, the EU appears to be supporting US delaying tactics over the implementation of the WTO ruling against US cotton subsidies. EU Trade Commissioner Mr. Mandelson made a speech

last month in Mali calling for urgent action on cotton and yet days later his officials indicated in a closed meeting in Geneva that they would support longer implementation periods. With Africa losing \$441m a year as a result of unfair cotton trade rules, delays such as this will cause significant suffering. EU officials and member states should endorse Peter Mandelson's support for urgent action.

The EU, partly due to the public pressures exerted at Cancun, decided to accelerate the reform of its own much smaller, but heavily subsidised, cotton sector as part of a broader reform of the so-called 'Mediterranean crops'. Although the EU is a net importer of cotton, a reduction in domestic production would allow for increased sales by West African countries. The EU is phasing out price-support mechanisms and introducing partially decoupled compensatory payments, which the Commission claims will substantially decrease production in the coming years. However, this needs to be monitored, because other impact assessments have not demonstrated the same outcomes.

While it must be recognised that the EU has taken a step forward on this issue and the USA has not, this should not be an excuse for European governments to avoid their responsibilities in other important areas, such as financing the compensation fund requested by West African countries, and reforming other sectors such as sugar.

Oxfam believes that the EU should participate in the WTO cotton sub-committee, which should be recognised as a fully empowered negotiating group, and support the West African proposal on subsidy reduction in time to be included in July's General Council declaration, with a view to a definitive solution by the WTO Ministerial in Hong Kong.

A fair deal on Non-Agricultural Market Access (NAMA)

As part of the Doha round, WTO members are negotiating the reduction of tariffs on manufactured goods, fish, and forest products.

In these NAMA talks, rich countries, including the EU, are demanding far-reaching market-access concessions from developing countries which will put at risk their ability to industrialise. If they are successful, poor countries will no longer be able to use tariff policy as part of a strategy to build domestic industries that are capable both of supplying local markets and of exporting, which would thereby increase employment and incomes, and generate other benefits for the economy. There is a real danger that excessive opening to imports will destroy local businesses and jobs, without

bringing compensatory economic gains. In addition, governments may face balance-of-payments problems and loss of tax revenue. Effects such as these are evident in a number of countries that have undergone World Bank and IMF structural adjustment programmes. For industrialised countries to deny the 'policy space' to poorer countries that they themselves used on their own path to development is both unfair and inconsistent.

In a further display of double standards, the EU and other advanced economies are not demonstrating a commitment in the NAMA talks to reduce their barriers to developing-country exports. For example, Europe has recently indicated that it may re-impose quotas on Chinese textile imports despite having had 10 years to prepare for the end of this form of protection. A willingness to reduce such protectionism is another key component of the success of the Doha trade round. Even though rich countries have low average industrial tariffs, there are tariff peaks in sectors of interest to poor countries such as textiles and clothing, footwear, and electronics.

Tariff escalation also undermines development by hindering poor countries' efforts to diversify production towards goods with more value-added. For example, the EU imposes a tariff of less than 4 per cent on Indian yarn, but the tariff increases to 12 per cent if the yarn is worked into garments.

Developing countries also face protectionist abuse of anti-dumping actions and product standards, and excessively demanding rules of origin. The EU instigated 53 anti-dumping investigations involving garments during the 1990s, of which 80 per cent were targeted at developing countries.⁴ Protectionist use of health, safety, and technical standards, along with complex and confusing rules of origin, are also major market-access concerns for developing countries. The EU and others are refusing to include these on the WTO negotiating agenda, and there has been little movement on negotiating disciplines on anti-dumping measures.

The inclusion of fishery and forest products in liberalisation talks is also of great concern because of the implications for livelihoods in poor communities, and also because of the potential environmental consequences. Oxfam supports the proposal from environment NGOs for full impact assessments before negotiations proceed any further.

With the deadline fast approaching for a July agreement at the WTO on the main elements of the Hong Kong package, it is essential that the EU changes its approach to the NAMA negotiations. Consistent with the principles of 'less than full reciprocity' and special and differential treatment that guide the Doha talks, the EU should

moderate its demands for developing-country liberalisation, while offering greater reductions in its own trade barriers. Unilateral EU action outside the WTO on rules of origin, standards, preferential market access, and avoiding misuse of trade defence mechanisms is also essential, both for development and to demonstrate commitment to a fair trading system and a successful round.

A more development-friendly position in the services negotiations

Northern countries, including those in the EU, continue to press at the WTO for inappropriate liberalisation in services in developing countries. While some liberalisation may be desirable in some sectors, it is important that developing countries retain the policy space to regulate public-service sectors, including restricting foreign ownership or setting performance requirements for foreign investors.

Careful assessment of the impact of services liberalisation on development is essential, because once a government has made a binding commitment, it is very hard to reverse.

Worryingly, the EU is proposing that water delivery becomes part of the services negotiations at the WTO. Oxfam believes that basic services should remain public for developmental reasons. Markets for water, health care, and education are not the same as those for television sets and cars, and they should not be governed by the same principles.

The EU should make a statement in support of the right of all developing countries to abstain from making either initial or further offers in the services negotiations in areas deemed essential to national development and poverty reduction.

Some developing countries, notably India, supported by trade analysts such as Dani Rodrik, argue that poor countries have a great deal to gain from greater temporary movement of people to work in developed countries ('Mode 4' of the services negotiations). The EU should give this serious consideration, while guarding against the danger of permanent 'brain drain'.

Patents and access to medicines

The issue of patents and access to medicines is of vital importance to the developing world, and is also a key test of whether the industrialised world is prepared to make trade rules serve the public good rather than short-term commercial interests.

The problem is now much more acute since, from January 2005, the world's major suppliers of generic medicines, including India, have had to comply with the WTO TRIPS agreement and can no longer produce affordable versions of new patented drugs that come on to the market. In the long term, this problem can only be addressed by reform of the agreement. In the short term, it is vital that national patent law in developing countries takes advantage of what flexibility there is in the TRIPS agreement in order to limit the negative effects on public health.

The EU should reaffirm its commitment to the Doha Declaration on TRIPS and Public Health, and support developing countries that do not wish to introduce intellectual property rules that go beyond WTO obligations. Although it will be difficult to persuade the USA to abandon its pursuit of 'TRIPS plus' regional trade agreements, a strong EU position on the primacy of public health over private commercial interests will help governments in developing countries to be more assertive. The EU should also clearly state its support for the use of good-quality, low-cost generic medicines in treatment programmes funded by international aid, and put pressure on the large international companies to go much further in reducing drugs prices in the developing world.

At the WTO, member states are discussing a minor amendment to the TRIPS agreement, which is intended to make it easier for developing countries without drug-manufacturing capacity to import generic versions of patented medicines. A comparable change to European patent rules is also under debate in Brussels. The terms for these amendments are set by an agreement struck at the WTO in August 2003. In Oxfam's view, that deal was unnecessarily restrictive and will not make a significant difference to poor people's access to affordable medicines. Nevertheless, the EU should do its best to support African countries and others who want the new rules to be as 'least bad' as possible.

3 At the G8

With the support of the EU, the G8 summit to be held in Scotland in July could give a significant fillip to the position of poor countries in the multinational trading system. Oxfam would like to see the following outcomes:

Better market access and rules of origin (RoOs) for LDCs

Oxfam believes that all developed countries, including the USA, should offer duty-free and quota-free access to goods from Least Developed Countries (LDCs), and bind this at the WTO. This would realise a commitment made in the Doha Ministerial Declaration to grant improved trade terms to the LDCs, in addition to one made at the UN LDC Ministerial in 2001.

However, this will not be sufficient to significantly boost LDCs' trade with the North unless the rules that govern such arrangements are changed. At the Evian G8 Summit in 2003, the G8 promised: 'We will each work to ensure that the rules (particularly rules of origin provisions and documentation requirements) do not inadvertently preclude eligible developing countries from taking advantage of recent preference programmes.'⁵ To date, not enough has been done about this, with the result that LDCs, which in theory enjoy duty-free access to European markets under the Everything But Arms initiative, often pay high duties and lose potential sales.

The rules of origin (RoOs) should be changed in two ways: they should be simplified, by removing onerous bureaucratic procedures for exporters, and relaxed. Peter Mandelson has said that he wants the former to be discussed at this year's G8 summit, which is welcome. However, RoOs need also to be relaxed to allow LDCs to source inputs from anywhere in the world, without harming their duty-free export status. Unfortunately, some EU member states, notably Italy, Spain, and Portugal, oppose similar measures in Europe, in order to protect domestic manufacturers.

Trade-related aid, without economic policy conditions attached

Many developing countries and LDCs face erosion of their preferences relative to other WTO members as liberalisation proceeds in the industrialised-country markets to which they export. This is a

particular problem in the banana and sugar trade and, following the phase out of Multi-Fibre Arrangement quotas, in the textiles and clothing trade too. Countries facing these difficulties should be compensated and assisted. As a key architect of the preference system, the EU should take the lead in generating solutions, which are another essential element of a successful trade round.

Aside from preference erosion, many developing countries, particularly in Africa, are facing an extremely difficult process of adjusting to changing patterns of trade, and are often unable to take advantage of market opportunities. The EU should agree to provide a substantial sum of new money for trade-related development assistance, and should persuade the G8 and other donor countries to do likewise. This money would be used for economic and social adjustment costs caused by changes in trade, including preference erosion, and for improving trade capacity (infrastructure, expertise, etc.).

This assistance should take the form of grants for the poorer countries and should not have economic policy conditions attached. The resources could come from normal national taxation or could be raised through innovative mechanisms such as the International Finance Facility or international taxation.

4 In negotiating Economic Partnership Agreements (EPAs)

Trade with the EU has the potential to contribute to economic development in the African, Caribbean and Pacific (ACP) countries, resulting in more competitive markets. However, there is a significant danger that if Europe continues to negotiate the EPAs as standard free-trade agreements, complete with near-reciprocal commitments to liberalise, they will damage development, as the Commission for Africa recently pointed out.⁶ As Kofi Annan said in his address to ACP Heads of State, EPAs 'threaten to further hinder [their] ability to achieve the Millennium Development Goals'.⁷

An impact assessment study conducted by PricewaterhouseCoopers said that a 'bad' EPA could destroy West Africa's manufacturing sector.⁸ At a recent trade meeting in Tanzania, African ministers made it clear that they too are deeply concerned by the direction of EPA negotiations, and with the inclusion of the 'Singapore issues' in particular. Negotiation on three of the four Singapore issues - investment, competition, and government procurement - was dropped from the WTO agenda at the insistence of developing countries, especially the G90 group, yet the EU insists on keeping them in the EPAs. This led the Zambian Minister of Commerce, Trade and Industry to ask: 'Where is the convergence between the WTO level and the EU approach in the EPAs?' Parliamentary committees in ACP countries, as well as in Britain and Ireland, have also expressed concerns about EPAs.

The recently announced EPA policy of the UK is a good step forward, because it accepts that developing countries should have the right to choose the pace, sequencing, and product coverage of EPAs. It also rejects the Singapore issues, unless a developing-country group asks that they be included, and proposes to eliminate all remaining EU tariffs without conditions. The Dutch government, which has voted against EPAs in the past, has also expressed concerns.

Oxfam is deeply concerned that a recent leaked letter from a senior EU trade official criticised the UK government for publicly stating its concerns. The letter describes the UK position as 'unwelcome' and 'contrary to the agreed EU position' and informs European Commission representatives in ACP countries that EU Trade Commissioner Peter Mandelson will 'press the UK for a revised UK line'.

Oxfam urges the European Commission to listen to and act upon member state concerns, rather than seeking to close down debate, about EPAs. Member states should continue to raise their concerns and press the European Commission to reword the EPA negotiating mandate to reflect them, as well as dropping demands for reciprocity. In addition, the EU should start an immediate investigation of possible alternatives to EPAs for countries that do not wish to sign one, in line with the promise made in the Cotonou Agreement.

5 Regulating corporate behaviour and operations

Oxfam welcomes the EU's commitment to supporting and promoting Corporate Social Responsibility among European companies. Moves to introduce better social and environmental reporting mechanisms are heading in the right direction. However, Oxfam continues to believe that the EU needs a more robust public policy, which delivers a stringent accountability mechanism that holds companies accountable for negative impacts, and for those affected by such impacts to be granted redress, whether or not they reside in the EU, or the activity in question was within the EU. Relying on a voluntary approach alone has failed to provide the appropriate minimum standards that adequately protect individuals, their communities, and the environment from recalcitrant corporate behaviour and operations.

6 Policy recommendations

Agriculture:

- End agricultural dumping: this means agreeing an early date for the elimination of export subsidies, which should be announced prior to the WTO General Council in July, and reforming those domestic subsidies which also contribute to dumping.
- Agree pro-development reform of the EU sugar regime: Europe should make sharp cuts in domestic production in order to end dumping and increase imports from the poorest countries at remunerative prices.
- Support the West African cotton initiative at the WTO: the EU should press for a solution to the cotton-dumping issue before the Hong Kong meeting.
- Promote the right of poor countries to decide their agricultural policies within WTO and regional trade agreements: this includes choosing their import tariffs in line with food and livelihood security concerns and in accord with their own understanding of development priorities.

Market access:

- Agree to allow developing countries to choose the pace, scope, and coverage of import-tariff reduction in the Non-Agricultural Market Access (NAMA) negotiations at the WTO, in line with their economic development needs, and allow tariffs to be increased if necessary for development purposes.
- Agree in the NAMA talks to reduce EU tariff barriers to developing-country manufactured exports; the EU should also reduce non-tariff barriers which are used for protectionist purposes, and resist domestic pressures for protectionism in the textiles and clothing sector.
- Argue for industrialised countries, especially the USA and Japan, to offer duty-free and quota-free market access for the Least Developed Countries (LDCs) and to remove restrictive conditions such as the EU's onerous 'rules of origin'.

Economic Partnership Agreements :

- Ensure that any regional Economic Partnership Agreements (EPAs) with African, Caribbean and Pacific (ACP) countries have development as a central objective and include the principle of non-reciprocity; the EU should also abandon support for the Singapore Issues of investment, competition policy, and government procurement.
- Fulfil the EU commitment under Cotonou to pursue alternatives to EPAs if requested by ACP countries, based on non-reciprocity.

Other:

- Stop pressing for basic public services to be included in the WTO services agreement.
- Give active political support and technical assistance to developing countries which wish to limit patent rights in order to ensure access to affordable medicines.
- Regulate EU business operations in developing countries in order to increase social, economic, and environmental benefits.
- Offer substantial new trade-related aid, without economic policy conditions attached and without adding to existing debt burdens.

Oxfam believes that, in the right circumstances, trade can be vital to poverty reduction. However, Europe – along with other rich countries – must stop pursuing its own short-term commercial interests when these directly contradict the interests of poor countries. The EU should take action on all of these issues, with member states mandating the European Commission negotiators to recognise and respect developing-countries' interests, while at the same time pushing to reduce European protectionism. The time has come to deliver on the growing EU rhetoric on trade and development from senior EU trade figures in recent months.

The first major opportunity for Europe to demonstrate its commitment to development-friendly trade is in its sugar reform proposals in June 2005. This will be followed by the G8 summit, where France, Germany, Italy, and the UK could push for clear statements on reducing Northern protectionism, on farm trade reform, on not forcing inappropriate liberalisation in developing countries, and on increased trade-related aid. The EU must then take a much more progressive position on agriculture and NAMA at the critical WTO General Council meeting in late July, which is a prerequisite for success at Hong Kong. This way, the EU could deliver a set of trade reforms that really does help to make poverty history.

Notes

1 The Commission for Africa was established by Tony Blair in February 2004 to take a fresh look at Africa's development and the international community's role. The mostly African Commissioners included political, private sector, and civil-society leaders and public servants. The report was published in March 2005.

2 Our Common Interest, Report of the Commission for Africa, p51, p71 (March 2005)
www.commissionforafrica.org/english/report/thereport/15chap8.pdf

3 Ibid, p251.

4 WTO, 'Anti-Dumping Actions in the Area of Textiles and Clothing', communication from Costa Rica and other countries, 14 July 2003.

5 Co-operative G8 Action on Trade, Evian G8 Summit, 2003, para 3.7,
www.g8.fr/evian/english/navigation/2003_g8_summit/summit_documents/co-operative_g8_action_on_trade.html

6 Our Common Interest, op. cit.

7 Message by HEM Kofi Annan, Secretary-General of the United Nations, delivered by K.Y. Amoako, Executive Secretary, Economic Commission for Africa, to the 4th Summit of ACP Heads of State and Government

8 Sustainability Impact Assessments (SIA) of Trade Negotiations of the EU-ACP Economic Partnership Agreements, Mid Term Report Working Draft, 1 October 2003, p125
www.sia-gcc.org/acp/download/summarized_mid-term_report_final_doc_light.pdf

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