



Stop the EU's corporate trade agenda

Seattle to Brussels Network, part of Our World is Not For Sale <http://www.s2bnetwork.org>

TO :
Martin Říman, Trade Minister, Czech Republic

Cc to :
Anne-Marie Idrac, Trade Minister, France
Eva Bjorling, Trade Minister, Sweden
Martin Tlapa, Trade Deputy Minister, Czech Republic
Dita Charanzova, Czech Deputy Member, C133
Philippe O'Quin, French Deputy Member, C133
Karin Eckerdal, Swedish Deputy Member, C133

Subject : CSOs' concerns and proposals regarding the EU trade policy

Dear Minister Říman,

The Seattle to Brussels Network (S2B) would like to welcome you in the EU Presidency. We hope that we will be able to build a constructive dialogue around the EU trade policy – in the direction of a trade policy that puts people and the environment first.

The S2B Network is a coalition of European civil society organisations that challenges the democratic deficit in the EU decision making process on trade issues and promotes a sustainable, social and democratic accountable trade system. The S2B membership is diverse and located throughout Europe; it includes development, environment, human rights, women and farmers organisations, trade unions, various social movements as well as research institutes and has built strong partnerships with networks of social actors in the South.

Since 1999, S2B has been working to democratise the EU's trade agenda through revealing the dominant influence the corporate sector has on the EU's trade agenda and its negative impacts in Europe and the Global South, especially on small-scale farmers, women, rural populations and small and medium enterprises.

S2B members are deeply concerned about the EU Trade strategy as described in the EC communication *Global Europe: Competing in the World*. With its emphasis on meeting the EU business interests at the cost of socio-economic rights, sustainable development and gender equality objectives and the fight against inequality at local as well as at global level, the *Global Europe* strategy threatens many of the world's poorer communities.

Our concerns have been reinforced in the context of the multiple crisis (food, financial, energy, economic, climate). These crisis is to a large degree systemic and is deeply related to the liberalisation and deregulation policies of the last decades.

The financial crisis follows the systematic deregulation of the financial markets, which allowed massive speculation; and this financial liberalisation is reinforced through the EU's Free Trade Agreements (such as the CARIFORUM EPA) and the EU's offensive position at the WTO in the area of financial services negotiations.

The financial crisis, however, results not only from financial deregulation, but also from too fast and universal trade liberalization.

Progressive global trade liberalization has over past three decades led some important countries to adopt aggressive export-oriented models backed by undervalued currency. Accumulation of foreign reserves and huge capital surpluses helped these countries both to succeed in highly competitive global markets and to preserve their domestic financial stability.

But without adequate international exchange rate and capital flows management, these capital surpluses have caused huge global imbalances, including the global financial and economic crisis of today.

The global food price crisis, too, has one of its roots in the destruction of small-scale farming in the South as a consequence of excessive market opening, export orientation and the abolition of agricultural support. Cheap global capital without proper regulation also greatly facilitated speculative investments in commodities causing high and volatile oil and food prices for many poor people around the world.

The climate crisis, finally, will surely not be solved by more excessive transportation of goods, more unsustainable and debt-based consumption and reduced policy space, which would be the consequence of more stringent "free trade" rules as called for by the EU leaders.

In the context of these unfolding crises we are extremely concerned about the commitment of the EU to continue with "business-as-usual" in EU trade policies. We believe that concluding the WTO's Doha Round and the bilateral and regional FTAs, in the way they are conceived of now, is the wrong approach. While resorting to large-scale protectionisms would certainly deepen the current economic crisis today, further liberalization across the board might bring more of costlier financial, fuel and food crises in the future

S2B believes a radically different approach, espousing selective liberalization and right to protect, is needed to ensure that EU trade and investment agreements do not have a negative impact on the prospects of developing countries, on efforts to save the climate or on the European social model. Only smart trade policies that work for the poorest of the world will also ensure a stable, just, sustainable and prosperous world for all. It is time for a new and updated economic system which reduces inequality, ensures a healthy environment and works to create well-being for all. . Such a system should include:

- A major recovery plan that puts people and the environment at its heart and in particular enables countries to better feed, educate and protect their people, invest in low-carbon development and sustainable decent jobs, and build up their economic resilience and sovereignty
- Effective regulation of the global financial system, including tax, debt and trade rules
- A set of new and reformed democratic institutions to govern this economic system on global, regional, national and local level

The upcoming negotiating rounds of the Free Trade Agreements between the EU and its counterparts (South Korea, India, ASEAN, Andean Community and Central America) must take these orientations into consideration. This is also the case for the EPAs. Although some interim EPAs have already been initialled or signed, the door should be kept open for real alternatives and the EU should refrain from putting pressure on the ACP countries to take binding commitments in services, intellectual property right or Singapore issues. Instead it should take the commitment to respond unconditionally and in a flexible way to demands by ACP countries to revise the contentious issues included in the interim agreements and it should revisit the EU- CARIFORUM EPA in the light of the current crises.

We also appeal on your leadership to make sure that the EU's Raw Materials Strategy (which is currently under consideration by the Council) does not stand in the way of the socio-economic rights of the people of the South, sustainable management of natural resources, preservation of fragile ecosystems, resource sovereignty in developing countries and increased resource efficiency in Europe.

Finally, the EU will play a key role in the next G20 meeting foreseen in London, which aims at setting up new rules and solid governance structures for the global financial system.

In this framework, useful steps for the Czech Presidency should include the initiative to put the elimination/defuse of tax havens on the agenda of the upcoming ECOFIN meeting, through a) extending the European Savings Directive to companies and trusts and b) requiring that the international accounting standards include Country-to-Country reporting of multinational companies to reveal profits, losses and taxes paid in each country of their operation.

The Czech Presidency should also take a courageous approach and propose a review of the impact of financial deregulation commitments made by the EU and EU Member States in the WTO/GATS and in bilateral and bi-regional free trade agreements and investment treaties. As an immediate step, the Czech Presidency should put on the Council's agenda measures to reverse obsolete restrictions on capital controls in trade and investment agreements and to encourage capital controls as an effective tool to address financial market volatility.

As S2B, we would actively support your engagement in favour of a European trade and investment strategy that puts people's needs and environment at its heart.

We are at your disposal to exchange further views on the alternatives we propose and look forward to hearing from you.

Yours sincerely,

The Seattle to Brussels Network