

## Watch out beyond the WTO:

### The EU's aggressive multi-level trade agenda

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*“...So should we now be ready (...) to evaluate the advantages and disadvantages of alternative approaches, plurilateral and bilateral, if the pursuit of the (...) objectives in the WTO were now to be blocked by other participants? All of these [bilateral and regional] activities and initiatives (...) should now be reconsidered to determine whether their deepening and / or acceleration would be in the interest of the EU.”*

Peter Carl

DG Trade in a think-piece, 25 September 2003

Ever since the collapse of the WTO Ministerial in Cancun there have been complaints among European supporters of the WTO - who regard this institution as a true symbol of “multilateralism” - about unilateral and bilateral political initiatives of the United States. Indeed, Robert Zoellick, the US trade representative, came up with a quite blatant statement in the aftermath of Cancun in which he announced further US-initiatives towards regional and bilateral trade and investment liberalisation. In his infamous Financial Times article of September 22<sup>nd</sup>, 2003 he wrote: *“America will not wait for the won't-do countries (...) the key division at Cancun was between the can-do and the won't-do. For over two years, the US has pushed to open markets globally, in our hemisphere, and with sub-regions or individual countries. As WTO members ponder the future, the US will not wait: we will move towards free trade with can-do countries.”* But is it really just the US which pushes its economic interests in fora outside the WTO? No! The European Commission as the power centre of EU trade policy is pursuing its own neo-liberal liberalisation and deregulation scheme multilaterally within the WTO *and* at the same time in regional and bilateral processes! In negotiations with groups of developing countries, or with single states, the EU uses a multilevel strategy to put pressure on negotiation partners: When offering progress or concessions on one negotiation level (e.g. in bilateral negotiations with the Mercosur-countries, including Brazil), it keeps in mind its overall goals and links the bilateral processes to the multilateral negotiation-level (where, for example, it tries to split the G20-group led by Brazil). As if going on a congested multi-lane motorway, the EU keeps changing lanes to get as quickly as possible to the destination: far-reaching trade & investment liberalisation and the protection of EU economic interests (which in the agricultural sector are, of course, less liberal than in others).

Up to now critical civil society actors in Europe have largely neglected the interplay of the various levels of EU trade policies and attained very little knowledge of the various inter-regional and bilateral agreements and negotiations. However, now it is high time for all of us to look beyond the WTO-framework!

Bilateral negotiating processes can lead to far-reaching obligations for developing countries in areas where WTO decisions have not been taken yet or seem to be blocked by southern resistance. In addition, according to GATT article XXIV regional/bilateral agreements by definition constitute “WTO-plus”

commitments that reach beyond the WTO framework. Outgoing EU Trade Commissioner Pascal Lamy was clear about this when he recently said:

*“We always use bilateral free trade agreements to move things beyond WTO standards. By definition, a bilateral trade agreement is "WTO plus". Whether it is about investment, intellectual property rights, tariff structure, or trade instrument, in each bilateral free trade agreement we have the "WTO plus" provision.”*

Pascal Lamy  
 Jakarta Post, 9 September 2004

As most of the regional free trade agreements have been in force for a few years only, knowledge of the potential development impacts of regional trade liberalisation is still very limited. However, many people have experienced the costs of trade liberalisation as a result of structural adjustment programs. Of the more than 250 treaties reported to the WTO one third have been signed in the 1990s. Like a spider in her net, the EU sits at the centre of a network of agreements (see Box 1) and is currently negotiating additional ones with various developing countries.

Box 1: Existing EU Trade Agreements with Developing Countries		
Association Agreements	Co-operation Agreements	Generation Trade and Association Agreements
Malta (1970) Turkey (1963) Cyprus (1972)	Egypt (1977) Algeria (1976) Jordan (1977) Lebanon (1977) Syria (1977)	Egypt (June 2004) ACP States (Cotonou Agreement June 2000) Algeria (April 2002, in ratification) Chile (February 2003, interim) Israel (June 2000) Jordan (May 2002) Lebanon (February 2003, interim) Morocco (March 2000) Mexico (July 2000) Palestinian Authority (July 1997) South Africa (July 2000) Tunisia (March 1998)

Box 1, source: European Commission, DG Trade - July 2004

With five countries or country groups the EU is currently negotiating bilateral trade and/or association agreements (see Box 2).

Box 2: Current Bilateral Negotiations on EU Trade Agreements with Developing Countries			
Countries	Agreement	Start of negotiations	End of negotiations
ACP States	EPA ((Regional) Economic Partnership Agreement)	2002	2007
ASEAN Countries	TCA (Trade and Co-operation Agreement.	2003	?
Gulf Cooperation Council	FTA (Free Trade Area)	1990	?
Iran	TCA	2002	?
Mediterranean Countries	FTA	1995	2010
Mercosur	FTA	2000	2004
Syria	EMAA (Euro-Mediterranean Association Agreement)	1998	2004

Box 2, source: European Commission, DG Trade - July 2004

These negotiations include the Gulf Cooperation Council (Bahrain, Qatar, Kuwait, Oman, Saudi-Arabia), the Mercosur (Argentina, Brazil, Paraguay and Uruguay), the Mediterranean littoral countries and Syria. In addition, the EU plans to conclude regional trade liberalisation agreements, the so-called Economic Partnership Agreements, with the ACP-countries.

These bilateral negotiations almost always include the so-called “Singapore issues” (investment, competition, government procurement, and trade liberalisation). In many cases far-reaching liberalization of services and intellectual property rights are negotiated as well.

### *Conclusion*

As European activists we need to critically analyse and challenge all levels of the EU liberalisation agenda, not “just” the WTO-negotiation process. The EU is threatening to intensify her regional and bilateral negotiating efforts and should be taken seriously. While there is nothing really new about it, the EU-approach should not be misinterpreted as an alternative to the multilateral efforts. Bilateral and regional treaties are concluded as a supplement and not as an alternative to multilateral agreements – partially being used as political testing sites and for blackmailing reluctant developing countries. A biased focus on the aggressive US bilateralism after Cancun is diverting attention from the offensive multi-level EU trade and investment strategy.

For further information check these websites:

#### **[www.bilaterals.org](http://www.bilaterals.org)**

bilaterals.org is a collective effort to share information and stimulate cooperation against bilateral trade and investment agreements that are opening countries to the deepest forms of penetration by transnational corporations. This website was initiated by several organizations and activists who felt the need for an open space on the Internet to share information and action ideas about bilateral deal-making. However, all organizations, networks or individuals active on these issues or wanting to get more involved are encouraged to participate.

#### **[www.epawatch.net](http://www.epawatch.net)**

This website is meant as an instrument to monitor the trade negotiations between the European Union and the ACP countries which will take place between 2002 and 2008 with the aim of concluding Economic Partnership Agreements (EPAs).

#### **[www.stopepa.org](http://www.stopepa.org)**

This website aims to facilitate a large coalition of ACP and EU civil society organisations aiming at stopping the EU’s current approach in negotiating free trade agreements with the countries of the ACP.

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