



**Friends of
the Earth
MedNet**

Brussels, March 14, 2006

Copied to:

Dr. Martin Bartenstein, Federal Minister for Economic Affairs, Austria
Monsieur Mustapha Mechahouri, Minister of Trade of Morocco
Ms. Paula Lehtomäki, Minister for Foreign Trade and Development, Finland
The Rt. Hon. Alan Johnson MP HM Secretary of State for Trade and Industry, United Kingdom
Dr. Benita Ferrero Waldner, European Commissioner for External Relations.
Mr. Peter Mandelson, European Commissioner for Trade.
Mr. Stravos Dimas, European Commissioner for the Environment.
Mr. Josep Borrell Fontelles, President of the European Parliament.

Concerning: the need for a moratorium on Euromed trade liberalisation negotiations pending final recommendations of the Sustainability Impact Assessment of the Euromed Free Trade Area.

Dear Minister,

I am writing to you on behalf of six major networks of Euro Mediterranean environmental NGOs - the European Environmental Bureau, ENDA, Friends of the Earth MedNet, MEDForum, the Mediterranean Information Office for Environment, Culture and Sustainable Development and WWF Mediterranean Programme, to draw your attention to our immediate concerns and proposals for the Euro-Mediterranean Partnership and the issue of trade liberalisation in the Mediterranean.

With regards to the agenda of the conference of Euro Mediterranean trade ministers in Marrakech on 24 March on market access for agricultural products and services and liberalisation of these sensitive sectors, it is pertinent to recall that a high percentage of the south Mediterranean's poorest people live in rural areas and depend on agriculture for part or all of their income. For many, local markets are far more important than international ones and therefore it is essential for them to be able to sell their products locally. However, Mediterranean agricultural trade liberalization will open these local markets to cheap imported products. This will have disastrous effects on family farmers and doubtless fuel a large-scale rural exodus to urban slums.

It is also a matter of serious concern that so few of the recommendations of the first Euro-Mediterranean conference of agriculture ministers, November 2003, have been implemented with a view to promoting sustainable agriculture and rural development in the region.

Regarding the initiation of Euro-Mediterranean trade liberalization negotiations in services, experience around the world of services liberalization-and-privatization give reason for Mediterranean citizens to be concerned about diminishing access to essential services such as water, health, education, energy etc., including the deterioration of their quality. As well as associated job losses, job insecurity, curtailment of workers' rights, decline in real wages and increased demands in labour flexibility.

We believe that essential services, such as water, energy, education and health, whose access is important for human development and women's empowerment, must be excluded from the trade liberalization negotiations in services.

Furthermore, we NGOs are particularly concerned about current advocacy as endorsed by the Barcelona VII Euromed Foreign Ministerial conclusions (Luxembourg, May 30-31, 2005) and subsequent Euro-Mediterranean Summit In Barcelona for accelerated trade liberalisation in industrial and agricultural goods and services to achieve a full Euro-Mediterranean Free Trade Area (EMFTA) by 2010 **without** any mention of incorporating into the related negotiating process the recommendations due at the end of 2006 of the Sustainability Impact Assessment (SIA) of the EMFTA.

The preliminary findings of the SIA-EMFTA, undertaken by a consortium led by Manchester University on behalf of the European Commission support earlier research work into the economic, social and environmental impacts of the EuroMed Free Trade Area in predicting widespread adverse social and environmental impacts for Mediterranean partner countries (MPCs) with no significant economic welfare benefits foreseen for either these countries or the EU.

As you are no doubt aware, the European Commission commissioned Manchester University to carry out the independent SIA of the EMFTA to examine the potential impacts of proposed trade liberalisation measures on sustainable development in the region. It is expected that the SIA will provide reliable and widely accepted analysis of the impact of these trade measures, as well as recommendations to inform ongoing and future trade negotiations leading to the establishment of the EMFTA.

The SIA phase II study (<http://www.sia-trade.org/emfta>) identifies some social impacts that may be significantly adverse unless effective mitigating action is taken. The potential impacts of greatest concern are:

- a significant rise in unemployment, particularly for liberalisation of trade in industrial products and agriculture
- a fall in wage rates associated with increased unemployment;
- a significant loss in government revenues, with consequent social impacts through reduced expenditure on health, education and social support programmes;
- greater vulnerability of poor households to fluctuations in world market prices for basic foods;
- adverse effects on the status, living standards and health of rural women.

The main potential adverse environmental impacts that have been identified are:

- significant local impacts on water resources, soil fertility and biodiversity in areas of high existing stress;
- higher environmental stress in cities, resulting from declining rural employment and accelerated rural-urban migration;
- higher air pollution and coastal water pollution from greater international transport;
- higher waste generation from greater use of packaging materials.

The report goes on to enumerate a number of mitigation measures that in particular the non-EU Mediterranean countries need to take to avoid the adverse impacts predicted above. Significantly, apart from adjustments in certain sectors of south European Mediterranean agriculture, the EU needs to do little in comparison with Mediterranean partner countries, which will have to take a long list of very costly measures to avoid or at least minimise the adverse social and environmental impacts previewed.

Given that only an extremely modest welfare gain (as measured by GDP % increase) is expected in the region from the setting up of the free trade area in the form it is foreseen currently, one must call into question the prevailing rhetoric, which says that the EMFTA will deliver the EuroMed partnership goals of peace, stability and prosperity to the region.

Moreover, the commitment of the recent Barcelona summit to implementing the Mediterranean Strategy for Sustainable Development calls for a clear view of how, to what extent and indeed whether additional and accelerated trade liberalisation will actually foster sustainable development in the region.

Therefore, the European Environmental Bureau, ENDA, Friends of the Earth MedNet, MEDForum, the Mediterranean Information Office for Environment, Culture and Sustainable Development and WWF advocate that EuroMed Partners should halt Mediterranean trade liberalization negotiations until the ongoing SIA-EMFTA of the potential impacts on economic development, industrial diversification, as well as the environment and social welfare (including employment, health and gender balance) in EuroMed partner countries is completed. At the same time, the EU should recognize and guarantee Mediterranean governments' right and obligation to use policy tools including trade measures, that:

- develop fair and sustainable economies,
- protect and promote employment, social welfare, health and the environment
- guarantee public participation and
- promote resource conservation and the sustainable management of natural resources

Finally, I would kindly request your written response to this letter at your earliest convenience, so as to share with us your views on the proposals made above.

Yours sincerely,

Mr Eugene Clancy (on behalf of EEB, ENDA, FoE MedNet, MEDForum, MIO-ECSDE and WWF MEDPO)
Mediterranean Programme Coordinator
Friends of the Earth Europe
Rue Blanche 15
B 1050 Brussels