

To: Commissioner Pascal Lamy

From:

ActionAid International UK
African Initiatives
Both ENDS
CAFOD (Catholic Fund for Overseas
Development)
CIIR (Catholic Institute for International
Relations)
Christian Aid
Corporate Europe Observatory
Friends of the Earth Europe
Harvest Help
Methodist Relief and Development Fund
Misereor
Oxfam International
RSPB (Royal Society for the Protection of Birds)
Tools for Self Reliance
Traidcraft Exchange
WIDE (Women in Development Europe)
Women's International League for Peace and
Freedom (UK)

23 July 2004

Commissioner,

Re: July Framework Accord

We represent organisations working for sustainable development and are concerned that in a rush to secure the “July package” getting the right result for development is being sacrificed to political expediency.

This anxiety has been sparked by procedural irregularities and recent moves to single out the G90 for criticisms of intransigence in the run up to this month's General Council meeting. Failure to conduct the negotiating process in an inclusive and transparent manner and alienation of a majority of members with a large stake in the process can only mean a failure of talks and/or a failed outcome in development terms.

Our concerns remain unaddressed and many have been compounded by the content of Friday's draft Accord from the WTO.

These substantive issues, essential to ensure that the development promises of Doha are fulfilled, remain unaddressed. They have already been drawn to the attention of DG Supachai, WTO ambassadors and G90 negotiators by sister organisations in Geneva. Given the importance of the EU as a negotiator and the major role you have played in setting the scope and tone of the debate, it is also important to address key concerns to you.

Agriculture

Agriculture is a basis for food security and the main source of livelihood for the vast majority of the world's poorest. Many of our organisations and networks have welcomed your recent but belated offer to eliminate export subsidies. We urge you to deliver on this offer and agree an end date for the elimination of all export subsidies, as proposed in Friday's draft. This should not be conditional on obtaining new concessions from developing countries. In addition, we remain concerned about the following:

Domestic Support:

- Current attention to methods of "box-shifting" (concerns relating to which are not resolved in the current ambiguous draft text) must be directed toward ensuring transparency and review of criteria for domestic support and a substantial elimination of trade-distorting domestic support. It is our view that legitimate criteria for domestic support should reflect concerns of environment, food security, small-scale farmers livelihoods and rural development.

Market Access:

- We are worried that the interests of small farmers, especially those in developing countries, remain largely absent from the debate. Developing countries should be given the right and the means to protect their farmers from imports that threaten food security, livelihoods and rural development.

SDT:

- Critical issues of preference erosion, needs of NFIDCs, Special Safeguard Mechanism and Special Products (as distinct from sensitive products) must be singled out for serious treatment and genuine political commitment. So far, there is scant evidence that this will be the case.

NAMA:

As the EU pursues negotiating tactics specifically designed to open developing country markets in the NAMA negotiations, developing countries face the prospect of deindustrialisation, loss of significant quantities of government revenue and erosion of trade policy as a vital instrument for promoting economic development, protecting the poor and the vulnerable and preserving the environment. This could leave many developing countries locked into commodity dependence and constrain the diversification of their economies, to the detriment of their long term development prospects.

The principle of non-reciprocity in the Doha mandate must be respected, to allow countries to make decisions to support their own industrial development. Furthermore concerns expressed by African trade ministers on current directions of talks (for instance, a sectoral approach and the use of existing applied rates as a basis for binding tariffs) must be fully heeded. The use of the Derbez text on NAMA in Annex B despite their strong objections is far from encouraging.

In the light of these concerns, we urge the EU to:

- 1) agree to a full, independent review of the potential environmental and developmental impacts of NAMA and
- 2) protect governments' policy space, to develop fair and sustainable economies and protect their environment, including through sustainable management of resources.

Services

Annex C emphasizes the need to ensure high quality offers in the next phase of GATS negotiations and the importance of achieving higher levels of liberalisation with no a priori exclusion of any service sector.

This contradicts the "bottom-up principle" by putting undue pressure on developing countries to open up service sectors. It also poses a threat to their sovereignty and agency in regulating basic services in the pursuit of social and development goals. It ignores civil society calls to exempt from GATS negotiations essential services, such as education, water, health, energy, access to which are important for human development and women's empowerment.

Singapore Issues:

The removal of three of these controversial issues from the Single Undertaking is a step in the right direction. The questionable value and considerable difficulties for developing countries in negotiating an agreement on these issues at the WTO, strongly suggests that these should be removed from the WTO entirely. In fact in December 2004, 45 developing countries requested that all Singapore issues should be dropped from the WTO altogether (WT/GC/W/522). Also after Cancun, many developing countries asked for further clarification on trade facilitation, especially with regard to the question of financing costs of implementation, and with regard to the applicability of the dispute settlement system. We are of the view that the EU should respect the views of developing countries, expressed in WT/GC/W/522 and drop the 'New Issues'.

SDT and Implementation Issues:

Two fundamental principles underlie a development-friendly approach to negotiations:

- any concessions to developing countries should not be conditional on reciprocal measures in other areas.
- Operational S&DT for developing countries must be secured as a priority.

The EU offer for special treatment of developing countries currently relies on a categorisation that has no legal status at the WTO. Experience has shown that lack of teeth of SDT (due to its vague nature and poor implementation in large part) has severely undermined its values to developing countries. The sidestepping of this issue in the current draft is therefore of concern. Political commitment to ensuring strengthened SDT provisions with effective implementation must be a priority and this should be reflected in the July Accord.

The success or failure of the July Accord will be judged on its inclusion of issues critical to supporting the development of the world's poorest economies. Friday's draft text gives little cause for optimism. Genuine commitment to achieving a pro-development agenda for ongoing talks will be reflected in the willingness to take

these needs on board, rather than attempts to use deadlines as means to rush agreements at their expense.