

CUTS Centre for  
International Trade,  
Economics & Environment  
**Discussion Paper**

**Linkages between  
Trade, Development  
and Poverty Reduction**  
*Perceptions of UK trade policy*

# Linkages between Trade, Development and Poverty Reduction

## *Perceptions of UK trade policy*

CUTS Centre for International  
Trade, Economics & Environment   
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# Linkages between Trade, Development and Poverty Reduction

## *Perceptions of UK trade policy*

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## *Linkages between Trade, Development and Poverty Reduction*

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There is a heated debate about the links between trade, development and poverty reduction. The debate in the UK is a rich one, with many different actors actively engaged. The UK government has put out several statements on UK trade policy and often this relates to what it thinks the EU should do, e.g. in WTO negotiations or in negotiations between the EU and ACP and other developing country regions, and how this affects development and poverty reduction. Key policy documents include DFID's white paper on poverty reduction (DFID, 1997), DFID's white paper on globalisation (DFID, 2000), the DTI's white paper on globalisation (DTI, 2004), and most recently the trade chapter in the 2005 Commission for Africa's report (CfA, 2005).

Important ideas behind these policy documents include the notion that trade liberalisation is important for growth and development and hence the potential to reduce poverty, but also that staged liberalisation is necessary, and that regions in the developing world should not be forced into liberalisation. Specific measures, such as Everything but Arms (EBA – Duty free and quota free access to all of the LDC in the EU market), have been announced by the EC's DG trade to encourage market access in the EU market for the least developed countries. Other measures, such as reducing the EU (export) subsidies on agriculture, which limit market access by developing countries (mostly middle income countries such as Brazil, Thailand, etc.), have not yet been sufficiently addressed by the EC, despite the UK's position on this. In addition, some issues have not been addressed satisfactorily (e.g.

promoting the temporary movement of workers from developing countries, or promoting offshoring of services to developing countries).

This paper provides the background for a discussion on

- how trade policies were adopted
- what policies will improve market access for developing countries
- how are they expected to work
- and how are they working in practice.

The approach to this is to document the evolution of UK trade policy and discuss the views and roles of various interest groups. Trade policy has not evolved in a vacuum and part of this perceptions survey is to examine the role of different actors such as NGOs, business, unions and researchers. Lobby groups range from sugar producer groups to trade justice campaigns, unions and business lobbies. Key questions include: How do these groups perceive the UK's trade policy and its link with development, what arguments have they put forward and how have they affected its formulation, and how might they affect trade policy in the future?

This background paper provides details on how policies were adopted by providing a detailed overview of what trade measures the UK government has put forward in their policy documents and what the government thinks about how the linkages between trade, development and poverty reduction are expected to work (section 2). Section 3 examines the perceptions of UK and EU trade policies by UK

based NGOs and business interest groups. This section will be supplemented later by an in depth discussion. The final section (section 4) discusses implications, and identifies key areas of research in the next phase. We propose to examine the structures behind UK trade policies in more detail, trying to map the various actors to UK and EU trade policies. This will provide another picture of how UK trade policy develops. We also propose to examine the role of different interest groups on the evolvement of UK

trade policy. This will be limited to discussing UK based organisation, with the drawback that we do not focus on the stakeholders in developing countries directly, though we hope to cover evidence found by researchers on the effects of UK (and EU) trade policies on development and poverty reduction. Finally, we propose a number of issues in UK (and EU) trade policy which do affect development and poverty but which not yet have been addressed sufficiently, or which require a shift in attention.

## *UK trade policy and development: issues and recent developments*

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The UK government has put out various policy statements on the link between trade, development and poverty reduction. We begin our overview in 1997, with the publication of the DFID White Paper. We categorise UK policies on the basis of a few key types of trade measures expected to affect market access for developing countries and hence affect the possibility to reduce poverty:

- Promotion of a rules based system at the WTO where developing countries have an effective voice and where market access is offered to developing countries through negotiations on Agriculture, NAMA, and Services.
- Promotion of regional integration agreements, including those between the EU and ACP regions, and elements contained in this such as simple rules of origin that do not act as a constraint on developing country exports.
- Promotion of adequate standards that are not disguised trade barriers.
- Aid for Trade policies and measures that help support trade capacity building and deal with other issues such as tariff preference erosion.
- Other relevant UK and EU trade related policies.

### **The 1997 DFID White Paper**

DFID's White Paper (1997) *Eliminating World Poverty: A Challenge for the 21<sup>st</sup> Century*, has a clear message in that the UK government shall ensure that the full range of policies affecting developing countries, including environment, trade, investment and agricultural policies, takes account of the sustainable development objective.

It lists a number of general policies on a rules based system, standards, aid for trade and regionalisation.

**WTO/Rules based system** “The Government supports an open, fair and sustainable multilateral trading system – from which all countries can benefit. The WTO provides the rule-based framework which underpins the system. We will encourage and assist developing countries to become more fully integrated into the multilateral system and to participate in the WTO. We want to support their efforts to reduce their trade barriers, taking account of the time needed for their economies to adjust.”

This is a clear commitment that the government believes that developing countries benefit from a rules based system. It then discussed specific policies on textiles and agriculture.

*Textiles* “A particularly important sector for many developing countries is textiles, where we will press for adherence to the agreed timetable for the dismantling of quotas under the multi-fibre agreement.”

*Agricultural reform* “The Government is committed to fundamental reform of the Common Agricultural Policy (CAP). This will bring substantial benefits to EU consumers and taxpayers. The Government will make full use of the opportunities which this presents over the medium term to benefit developing countries. As part of the Uruguay Round, it was agreed that negotiations on further agriculture trade liberalisation would start at the turn of the century. The Government sees this as a major opportunity

and is committed to achieving substantial further liberalisation in these negotiations.”

*Investment* “We will work towards the eventual establishment of a WTO agreement on investment. Guarantees and insurance are important mechanisms for encouraging private investment into developing countries. This is particularly important for infrastructure projects, where large sums of money need to be mobilised. The Overseas Investment Insurance Scheme of the British Export Credits Guarantee Department (ECGD) is increasingly utilised to help companies to invest overseas.”

**Regionalisation.** We believe that any bilateral and regional free trade agreements should be structured to promote economic development and be consistent with the multilateral trading system. However, the issue of economic partnership agreements with the ACP had not yet been mentioned.

*Rules of origin* “We will work within the EU to make these rules simpler and less restrictive, and we will work multilaterally to bring different sets of rules more into line with each other, so that they are easier to use.”

**Standards and codes of conduct.** Trade rules should not be used to impose unfair standards on developing countries or to discriminate unfairly against their exports. We will work to ensure that the interests of the environment are fairly reflected in the development of the global trading system.

In the UK we are supporting collaboration between business and the voluntary sector in promoting ethical business, including the development of codes of conduct and ways of monitoring and verifying these codes. In developing countries, we shall look at ways of supporting local capacity to develop and monitor voluntary codes of conduct including assistance to Ministries of Labour, trades unions, NGOs and employers’ associations.

**Aid for trade** Dismantling barriers to international trade and investment will be of limited benefit if developing countries lack not just the supply but the human and institutional capacity to take advantage of new opportunities. We will support efforts to improve the multilateral coordination of technical assistance, and will also harness our own development assistance programme, in order to help developing countries build capacity

### The 2000 DFID White Paper

The second white paper by DFID (2000), *Eliminating World Poverty: Making globalisation work for the poor* deals with capturing gains from trade in Chapter 5. The basic idea behind the White Paper is that globalisation is thought to be good for development and the poor (reaction against the protectionists) but that the process need to be managed (against the pure free traders), so that it takes a middle ground.

The two main trade related messages include: 1) Support for an open and rules-based international trading system, and the promotion of an equitable trade rules and an effective voice for developing countries; and 2) Support for reductions in barriers to trade, both in developed and developing countries, and work to improve the capacity of developing countries to take advantage of new trade opportunities.

The chapter begins by restating the main findings of commissioned research on benefits to poor of trade liberalisation, benefits of reducing own trade barriers, and the need for sequencing, speed and accompanying policies. It then motivates UK trade policies:

**Rules based system** “Support for open trade is not to be confused with unregulated trade. On the contrary, if open trade is to work for the world’s poor we need effective multilateral trade rules made by an institution in which developing countries are properly represented, and an institution capable of



enforcing them, for poor countries and rich countries alike. This is precisely what the World Trade Organisation (WTO) is and represents.”

After the failure of the WTO at Seattle the paper states: “The world’s poorest countries have much to gain from a broad-based multilateral trade round, and would be badly hit by a retreat into trade protectionism.”

It then addresses some specific points as part of trade policy at the WTO.

*Agriculture, NAMA, Services, Investment and Competition* “A development friendly round means giving high priority to the multilateral liberalisation of agriculture, addressing both quotas and tariffs, and opening service sectors to competition. Both of these areas are part of the built-in agenda under the Uruguay Round. We also think that a new Round should be broad enough to handle other issues where there are important potential benefits to developing countries, including industrial tariffs – particularly textiles and clothing, rules on anti-dumping, government procurement and trade facilitation (streamlining of customs procedures). We think it should include investment and competition too.”

Thus at this stage it was still considered to make all Singapore Issues part of WTO negotiations.

The Government also supports work in the WTO and other international bodies to identify and remove subsidies which harm poor producers and provide perverse economic incentives resulting in the unsustainable use of natural resources. We will use every opportunity to work for change to the CAP (agriculture) and CFP (fisheries).

Several policies repeat what was said in the 1997 White Paper: “We will oppose any attempt to use anti-dumping measures as a form of covert protectionism.” And “We maintain our position that quota protection for textiles and clothing, which must be eliminated by the agreed deadline of 2005, should not be replaced by new forms of protection.”

**Regionalisation** The White Paper reacted to the EBA proposals put forward by the EC (just before the White Paper) to allow all exports from least developed countries (LDCs) into the EU duty free, except arms, and argues that “This is an important initiative and should help build confidence in a New Trade Round and also to increase economic activity in LDCs. We recognise that this will create adjustment challenges for some of the non-least developed countries in the ACP group, and we will work to ensure provision of sustainable assistance to help them in the adjustment process.”

*Rules of origin* On the role of EU policy: “The GSP was set up to give developing countries additional tariff preferences on their exports into the EU. However, many products are excluded from the scheme, and it is difficult and complex to use. We will press for removal or further reduction of tariffs, a simplification of product categories, the elimination of sector graduation, and less onerous regulations on rules of origin for imports. In consultation with business and developing country partners, we will work to make the scheme more accessible and user-friendly to exporters and importers.”

**Aid for Trade** “In a new Round, the UK will support an approach that recognises more explicitly that WTO members are at different stages of development. To help countries manage their commitments we will press for special and differential provisions to be real and binding, and for any new WTO rules to reflect countries’ implementation capacity. In the longer term, the WTO needs to consider a more workable set of country categories to take better into account different levels of development.”

It also promises to provide technical support for national governments and regional organisations in sub-Saharan Africa in order to help build capacity for the development of trade policy and for international trade negotiation. And “We also need to help remove other barriers that prevent poor people from engaging in trade.” And “We will press for trade policy – and complementary economic, social and

political policies – to be built into developing countries’ poverty reduction strategies.”

**Standards.** The paper argues that imposing trade sanctions on poor countries that do not fully comply with all labour standards would punish countries for their poverty, and hurt the poorest most. We also take seriously developing countries’ concerns about the potential for the misuse of environmental measures for protectionist purposes.

### The 2004 DTI White Paper

Four years after the 2000 DFID White Paper, the DTI (2004) published the 2004 White Paper on Trade and Investment. This contains some innovation in topics (e.g. offshoring) but the basic message remains the same. For the DTI (and the government), a successful conclusion to the Doha Development Agenda (DDA) is a UK priority. Trade liberalisation is an important engine of poverty reduction but the paper acknowledges that for developing countries liberalisation is not of itself sufficient for increased prosperity. The White Paper calls for a pro-development approach by relying on a “same destination; different speeds” philosophy – poorer countries should be given greater flexibility to sequence the opening of their markets, as part of their broader plans for tackling poverty.

The paper encourages the EU to take a leadership role in multilateral negotiations, and to maximise the benefits from greater external openness; it asks the EU to develop more outward looking policies so that its economy is more open to trade, particularly through the multilateral process and enhancing the economic relationship with the US; and to agree that the impact on the EU’s trading partners, especially poor developing countries, should also be taken into account. The EU and other developed countries should reject the mercantilist approach to negotiations which treats market opening as “concessions”. The paper also asks the EU to recognise the benefits to the EU itself of further liberalisation and reform, particularly in agriculture; and to end the trade distorting effects of its policies under the Common Agricultural Policy (CAP).

**Rules Based System / WTO.** The paper argues that the Doha Round (or what the DTI calls DDA) could make a highly significant contribution to increasing world trade and reducing poverty, with agriculture of central importance. The DDA also encompasses a number of issues relating to improving the operation of the WTO’s rules. All four of the Singapore issues could have made a valuable contribution to trade and development. It is now clear that investment and competition, and probably transparency in government procurement, will not feature in the DDA. We see value in pressing on with negotiations on trade facilitation but we will not pursue them at the expense of the DDA as a whole. So this is a marked difference from earlier messages (e.g. DFID, 2000) on the need for all Singapore Issues to be included in WTO negotiations.

*Agriculture* The government will work with the trading partners in the EU and around the world in the current Round of WTO negotiations to achieve an ambitious outcome which tackles quotas and high tariffs, export and traded distorting domestic subsidies that damage the global economy and the development of the poorest countries in particular. The Government supports the call from a number of developing countries involved in the WTO agriculture negotiations, who have asked for extra flexibility to enable them to protect a small number of ‘special products’ (essentially food crops) that are essential to poverty, food security or rural development.

It argues that there is no longer a place in world trade for export subsidies. The EU is ready to do this. The paper believed at that stage that the EU was willing to give up all its export subsidies if other countries were willing to do the same with their forms of export subsidy. We will also seek reform of trade-distorting subsidies worldwide.

*NAMA* The EU is calling for an ambitious agreement, under which no tariff will remain above 15% (tariffs above this level being known as “peak tariffs”) and significant cuts are made below that.

*Services* The paper sees the further reduction in barriers to trade in services both as a key priority for the UK and an outcome that could potentially be of very significant benefit to developing countries.

**Regionalisation** The paper argues that EPAs will be extremely important for the ACP countries, as the EU represents the major trading partner for most of them. Any opening of ACP markets to EU goods and services will take place on an “asymmetric” basis. Although the negotiations will be concluded by 2007, this does not mean that the ACP countries will have to start opening their markets immediately after 2007. This is one of the main underlying themes in the paper: same destiny, different speeds.

*Rules of Origin* The paper argues that this issue can be tackled initially in the context of the EPA negotiations: The EU should propose simple and liberal rules of origin under these agreements, to allow African countries to source their inputs from the most competitive suppliers thus integrating them more fully into the global trading system. The same principles should apply to any reform of the EU’s Generalised System of Preferences (and hence the EBA initiative).

**Standards** The government will continue to promote the ILO Declaration. In doing so we will encourage all Member States to ratify and implement the ILO core conventions. Yet, the paper argues, core labour standards are not solely the prerogative of the ILO. They have been enshrined and encapsulated in other international agreements and initiatives (UN Global Compact, OECD Guidelines for Multinationals). The government contributes to funding to a World Bank managed project which helps build the capacity of developing country governments to develop sustainability related voluntary codes and standards. At the EU level, it supports the special incentive arrangements which have the potential to encourage the wider adoption of ILO core labour standards.

**Aid for trade** There is some discussion on SDT, but this is fairly limited to the right of developing countries to open their markets more slowly than developed countries, to allow for adjustment; and to

allow for fewer procedural burdens on developing countries, for example over the notification of subsidy programmes; more flexibility for developing countries to take short term measures when faced with economic or social disruption; longer timescales for implementing agreements which require expensive new capacity.

But there is also a discussion on aid for trade arrangements, which goes further than SDT in the narrow sense. The paper asks the international community to acknowledge and tackle the short term transition costs that certain countries face through, for example, loss of preference arrangements. It says that the IMF’s Trade Integration Mechanism is an important step in this direction, but we need to look at how we can provide guaranteed, credible and additional aid to support these countries in the transition to more productive sectors.

The UK programme of trade related capacity building is delivered through a mixture of bilateral programmes with national governments, contributions to multilateral organisations and support to NGOs and the private sector. It has committed £160 million to trade-related capacity building from 1998 (they note that this is more than three times the pledge in the 2000 Globalisation White Paper). The government also contributed to the trade related capacity building programmes funded by the EU, which totalled over \$700 million in 2002.

**Other** Some other issues have also become important. The debate on offshoring of services was particularly topical surrounding the publishing of the 2004 White Paper and is a new issue that has come to the forefront of UK policy.

The paper argues that a minority of those whom were consulted on this issue argued that the UK government should try to stop UK companies from offshoring. The government thinks that this would be misguided for a number of reasons. First, there are often good business reasons for offshoring: if a company has concluded that moving one function overseas will increase its chances of growing and

prospering in the longer term, then it would be wrong for Government to try to stand in its way. Secondly, offshoring can help developing countries such as India grow and become more prosperous. Finally, the UK has a large, diverse and growing services sector which depends on being able to sell worldwide. In two examples of sectors where offshoring is a major issue – financial services and computer information services – the UK sells overseas far more than it “imports” and it “onshores” more than it offshores. The UK cannot realistically expect other governments to keep their markets open if we close ours.

### The 2005 Commission for Africa Report

The Commission for Africa Report (2005) was a cross-department assignment housed in a secretariat in DFID and with national and international commissioners. It was originally not seen as UK government policy but when Prime Minister Blair delivered the final product he mentioned it would be government policy. The trade chapter discusses that Africa will fail to achieve sustainable growth and poverty reduction, and fail to meet the Millennium Development Goals, unless it increases its diminishing share of world trade. African countries and the international community, working together, can make progress possible, by action in three key areas by African countries and the international community, working together, could make this happen by: supporting African-owned strategies for building the capacity to trade; dismantling the rich world’s trade barriers through the Doha Round of world trade negotiations; and providing transitional support to help Africa adjust to new trading regimes.

**WTO** Developed countries should ensure the Doha Round of world trade talks makes development its absolute priority at the December 2005 meetings of the WTO in Hong Kong. The Doha talks should conclude no later than the end of 2006 in order to make an early difference to Africa and other developing countries.

**Agriculture** Rich countries must agree to eliminate immediately trade-distorting support to cotton and sugar, and commit by 2010 to end all export subsidies and all trade-distorting support in agriculture when they meet in Hong Kong. At the conclusion of the Doha talks they should agree to reduce progressively all tariffs to zero by 2015, and reduce non-tariff barriers. By doing this they will cut massive wasteful spending, and provide huge benefits to their own public, and to Africa and other developing countries.

The 2010 date was a new measure.

**NAMA** Higher-income developing countries should also do more to reduce their tariffs and other barriers to trade with Africa.

**Services.** It says little on services and temporary movement of natural persons.

**Regionalisation** In the new trade agreements Europe is currently negotiating with Africa, liberalisation must not be forced on Africa through trade or aid conditions and must be done in a way that reduces reciprocal demands to a minimum. Individual African countries should be allowed to sequence their own trade reforms, at their own pace, in line with their own poverty reduction and development plans. Additional financial assistance should be provided to support developing countries in building the capacity they need to trade and adjust to more open markets. A review of Article XXIV of the General Agreement on Tariffs and Trade in order to reduce requirements for reciprocity and increase focus on development priorities may be useful.

Developed countries should remove all barriers to all exports from low-income sub-Saharan countries, by extending quota and duty-free access to all of them. This will cost developed countries very little. They should cease to apply rules-of-origin requirements in a way designed to hinder rather than help African exporters, by allowing Africa to source inputs from anywhere in the world, and requiring only that they add a minimum of 10 per cent of value

in their processing. Europe's new trade agreements with Africa must move quickly on this.

**Standards** Although Africa wants to meet developed country product standards, it is struggling to meet the costs of doing so. Rich countries should apply a development test, including an impact assessment, when designing these standards, to minimise the barriers they may create, and urgently provide help to meet them.

**Aid for Trade.** Special and Differential Treatment must be made to work better for Africa and other developing countries, by making resort to legal disputes conditional on assessing development concerns.

Africa will need transitional support if it is to build Africa's capacity to trade, and to deliver reform in the Doha Round. Rich countries should also provide aid to help African economies adjust to a more open global trade regime, and to enhance the benefits to and limit the detrimental impacts on poor people. And Africa must increase its capacity to trade. The investments in infrastructure and the enabling climate for the private sector (described in Chapter 7) are at the top of the agenda. Africa should do more to improve the economic environment for farmers and firms, backed up by major investments of aid from international donors to ensure Africa can produce and trade competitively. Funding for infrastructure should, in part, be spent on improving African transport and communications to bring down costs.

## Others

There are other policy statements, and we hope to summarise these and the above in a condensed form in the next stage of the research. One such statement is worth highlighting now. This includes a joint DTI / DFID statement on EPA (see [www.dfid.gov.uk](http://www.dfid.gov.uk)). They believe that

- EPAs must ensure that ACP regional groups have maximum flexibility over their own market opening. The EU should therefore offer all ACP

regional groups a period of 20 years or more for market opening, on an unconditional basis.

- Within EPAs, the EU should make an upfront offer of complete duty and quota-free market access to each ACP regional group, with no strings attached. In addition, the EU should further simplify and liberalise rules of origin under EPAs.
- There should be an effective safeguard mechanism for ACP countries to use if faced with a surge of subsidised EU imports.
- EPAs should be accompanied by additional resources to enable the ACP countries to benefit from trade reforms and build their export competitiveness. The EU, in coordination with international financial institutions and other donors, must provide additional financial assistance to support the ACP countries. This assistance must support them in building the infrastructure and economic capacity they need to benefit from trade with the EU and the rest of the world, and put in place the institutions to help manage change and protect vulnerable people, supporting poorer countries with the cost of transition.
- Investment, competition and government procurement should be removed from the negotiations, unless specifically requested by an ACP regional negotiating group. It is for ACP regional groups to judge the development benefits of any agreements on these issues and the EU should not push for them to be discussed. If included, any negotiations on government procurement should be limited to transparency.
- A review mechanism for EPAs - with full ACP regional group ownership and participation - should be introduced to ensure they are delivering the intended developmental benefits.
- The Commission should be ready to provide an alternative to an EPA at the request of any ACP country. Any alternative offered should provide no worse market access to the EU than is currently enjoyed under Cotonou preferences.
- In addition, the EU should propose within the WTO that Article XXIV of the General Agreement on Tariffs and Trade, should be

reviewed as suggested by the Commission for Africa, in order to reduce the requirements for reciprocity and increase the focus on development priorities.

This policy statement again includes a number of departures from previously stated policy. For instance, that the EU should make an upfront offer of complete duty and quota-free market access to each ACP regional group is new and goes beyond what is in the Commission for Africa report, and of course what is already in EBA. Other issues have also re-appeared. The CfA report mentioned that a review of Article XXIV of the General Agreement on Tariffs and Trade in order to reduce requirements for reciprocity and increase focus on development priorities may be useful, and this is included in the current views, but now the UK government urges the EU to propose a review in the WTO. This is more strong, and seems to have been put together quite quickly, because changes to Article XXIV can have wide ranging consequences not only for non-ACP countries such as Paraguay, but also for ACP

countries themselves: if the EU were to offer preferences to ASEAN or MERCOSUR this may have negative consequences for the ACP.

The UK government is increasingly thinking about the issue of aid for trade<sup>1</sup>, see also Prowse (2005). This may help support market access for developing country exporters. The Millennium Project Task Force on Trade<sup>2</sup> suggested an Aid for Trade Fund. The Sutherland Report underlined the need to support developing countries to deal with trade liberalisation. Mandelson suggested the establishment of a Trade Adjustment Fund.<sup>3</sup> Pascal Lamy (WTO) supported the idea of an aid for trade initiative at the Trade and Development Board of 6 October 2005<sup>4</sup>. In a speech read out on his behalf on 6 October, Dr. Supachai (UNCTAD) supported<sup>5</sup> the idea of aid for trade, and called it a “Doha-plus” trade-enabling development cooperation agenda which would involve helping meet the adjustment costs, including those arising from the expiration of the Agreement on Textiles and Clothing, loss of fiscal revenue, and preference erosion.

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1 See for instance, Hoekman, B. and S. Prowse (2005), “Policy Responses to Preference Erosion: From Trade as Aid to Aid for Trade”; and World Bank draft; World Bank (2005), DOHA DEVELOPMENT AGENDA AND AID FOR TRADE, DC 2005-2006, September 12.

2 UN Millennium Project, Task Force on Trade (2004), Trade for Development, New York.

3 See p. 24 of his lecture “Trade at the Services of Development”, 4 February 2005. <http://www.lse.ac.uk/collections/LSEPublicLecturesAndEvents/pdf/20050204-Mandelson.pdf>

4 [http://www.wto.org/english/news\\_e/sppl\\_e/sppl05\\_e.htm](http://www.wto.org/english/news_e/sppl_e/sppl05_e.htm)

5 <http://www.unctad.org/Templates/webflyer.asp?docid=6402&intItemID=1528&lang=1>

## *Perception on appropriateness of UK (and EU) trade policy: initial summary*

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This section will discuss the perceptions of various UK based actors on the appropriateness of UK and EU trade policy. This will also include evidence by researchers so this might us help to answer whether the trade policies are really benefiting the poor in developing countries (one of the aims of the project).

### **Perception by NGOs**

**Rules based system.** Appendix A1 covers the main views by NGOs (e.g. Oxfam, Christian Aid, World Development Movement, Which?) on the key issues in UK and EU trade policies. There are differences in views, but there also some common positions. On the whole NGOs tend to agree with the UK government on its stance on CAP reform and how this might inform WTO agriculture negotiations, e.g. in the case of the removal of subsidies. It is thought that CAP reform (and including reforms on sugar, bananas and cotton) will deliver benefits for the poor in developing countries. However, there are sharp differences between the government's position on NAMA and Services, and what NGOs perceive to be a useful way forward for these. For NAMA, this in part reflects comments on how the negotiations are conducted and in part it reflects differences in how the impact is being assessed and what is at the centre of analysis (e.g. farmers or manufactures in a certain sub-sector, or national income and real disposable income). In the eyes of NGOs, GATS has a relationship with privatisation, and is therefore opposed in such sectors as health, education and water.

**Regionalisation/EPAs** A lot of recent attention seems to be focusing on the desirability (or not) of Economic Partnership Agreements (EPAs) between the EU and ACP regions. This is a relatively new issue that has begun to feature in UK government documents only in the last few years, as it was only recent (2002) that the Cotonou Partnership Agreement (CPA) was signed and then ratified. The CPA allows for reciprocal trade agreements to be negotiated before 2008. While the WTO Doha round is ongoing, the government is taking more interest in that than in EPAs or other regional and bilateral agreements, although there are changes to this with reports such as the Commission for Africa. On the other hand the nature of required reciprocity is such that ACP countries would still be allowed to maintain high tariffs on a relatively large percentage of tariff lines on EU imports and it is likely that the effects will be small for many ACP countries, at least in goods trade. Several NGOs have commented on how they think EPAs can be made more development friendly, but also to suggest alternatives.

**Aid for Trade** The discussion on Aid for Trade has received less information, probably because this is a more recent issue. There are accounts on Special and Differential Treatment (e.g. Christian Aid, 2003) and proposals for a "Development Box" in Agriculture, but there is little at the moment on Aid for Trade, e.g. how to deal with preference erosion or how to deal with capacity constraints

**Standards** There are also discussions on standards, particularly by the UK National Consumers Association, and this will be covered in more detail in the next phase.

**Other** Other trade measures are also discussed by NGOs. They would tend to oppose investment or TRIPS as WTO issues.

### Perceptions by businesses

**Rules based system.** Appendix A2 covers some of the views by business groups. Business organisations (e.g. CBI) support the WTO in their effort to liberalise trade, they agree on the need for CAP reform. They think it is important to liberalise trade in services at the WTO with more emphasis on the temporary movement of workers (ESF). They also support NAMA negotiations as this benefits all WTO members (UNICE), and that all countries should reduce tariffs on textiles and clothing to 15% (EURATEX).

**Regionalisation / EPAs.** While business groups may have heard about bilateral trade agreements between the EU and Chile, Mexico and perhaps about the agreement with South Africa, they have tend to spend very little time discussing issues related to EPAs. Some will only have heard about this when invited to speak on these subjects, so it seems clear that UK (and EU) business has so far not been interested in EPAs. The possible exceptions include sugar producers groups and sugar processors.

**Aid for Trade.** They have little to say on this, although they would accept that SDT may be important for developing countries (UNICE).

### Others: Research, Parliamentary enquiries, labour unions

This section will cover the perception of other groups, such as researchers and parliamentary groups. This will be developed further in the next phase. We will also cover the view of unions. Appendix A3 covers the views of the main unions on UK (and EU) trade policy mainly by surveying what they think on WTO

negotiations, with some interesting findings. For instance, EFFAT opposes fast reform of the EU sugar policies, the CWU supports the government in handling the services negotiations, though ICFTU is more cautious about GATS, arguing that “public services should be excluded” ICFTU also has concerns about NAMA negotiations.

Below we discuss the reactions of unions to trade policies affecting offshoring of services. Trade measures related to offshoring is of increasing importance to countries with contact centres (e.g India, China, Philippines, South Africa and the Caribbean) and hence for development and poverty reduction in those countries. Both business and unions have put out statements, but NGOs have remained silent on this issue.

**Union responses to offshoring** There are various types of union response to the issue of outsourcing, ranging from protectionism and strikes to engaging in partnerships with companies. Generally, unions in the EU appear to be less protectionist than their counterparts in the US. While some US unions preach trade protectionism, this is mostly rejected in the UK. This could be for various reasons, but is ultimately because unions realise that protectionism is not in the interest of their members.

The three UK unions AMICUS, UNIFI and CWU (Communications Workers Union) have been most vocal in their concerns regarding offshoring of services. They joined for a campaign against the ‘call centre meltdown’ in June 2003 (<http://www.amicustheunion.org/main.asp?page=219>).

The largest private sector union, AMICUS, regards the recent waves of announcements as both part of a growing trend in offshoring and part of a bandwagon effect. A publication in 1996 (The outsourcing of IT services. Leading edge or bleeding edge?) had already identified offshoring as an issue. It is regarded as an English language phenomenon, although the union mentioned cases of offshoring such as by France to Morocco and Finland to Estonia. The union argues that various UK services are affected and that financial services will lose 200,000



jobs to India. AMICUS responds to offshoring as follows (based on interview):

- It protects and safeguards the interest of its members in the UK and is concerned about the impact of offshoring.
- It will oppose offshoring if it can, but will not resort to protectionism because of fears of ‘beggar thy neighbour’ consequences, of enhancing xenophobia, and wanting to maintain an international outlook.
- It sees a role for employers: they should be guided by Corporate Social Responsibility, and should trade ethically, adhering to five points (consultation, no redundancies, reinvestment of profits in worker skills, protecting careers, and adherence to labour standards). The major concern is that of companies stopping investing in the UK.
- It sees an important role for government. The latter should act before decisions are taken by, for example, investing in skills or fiscal incentives for R&D. It notes that call centres have often been established using government support to weaken impact of declines in manufacturing and mining jobs.
- In the UK, the Transfer of Undertakings (Protection of Employment) regulations (TUPE) require that one company transferring part of its business to another company must also transfer the contracts of employment of the employees concerned, to the new employer. However TUPE does not apply in the case of international outsourcing/offshoring, as there is no transfer of employees.
- There are no views on fiscal matters.
- However, the union will question the business case of offshoring.

UNIFI (strong links with the UK) is Europe’s largest specialist finance-sector trade union, with 158,000 members in over 400 employers. Overall, they regard offshoring of services, including call centres, as a growing issue, but with two bandwagons. Some companies emphasise the costs advantages of offshoring, while others emphasise the risks attached

to offshoring. The union favours a three-pronged approach (based on interview):

1. an early consultation process to influence decisions early on;
2. stopping the outflow of jobs by emphasising need for business case;
3. avoiding compulsory redundancies if a decision is taken to offshore. Where available, UNIFI will engage in partnership agreements with employers. It argues that partnerships with Barclays and LTSB are benchmarks on how to avoid compulsory redundancies.<sup>6</sup> The Partnership Principles agreed by Barclays and UNIFI mark a new phase in the development of employee relations (see box 1 for further details).

#### Box 1: UNIFI and Barclays agreement

UNIFI argues that an agreement with Barclays represents a benchmark agreement for avoiding compulsory redundancies. The key elements are as follows:

- 1 Voluntary redundancy register - where jobs are being lost through “globalisation” or there is a significant site/unit closure
- 2 Enhanced use of voluntary job matching – using volunteers from the register
- 3 Redeployment into alternative employment where a role is vacant or undertaken by a contractor or agency staff with trial periods and no loss of redundancy option
- 4 £2,000 gross training support for external career retraining - where redeployment options have been exhausted by both parties or is not available
- 5 In-placement/outplacement support - for redeployment and re-training
- 6 3 months advance notice plus 3 months displacement if jobs are actually disappearing
- 7 No general framework on TUPE transfers and globalisation
- 8 International Labour Standards; UNIFI pursues that Barclays adheres to ILO standards, Barclays’ CSR position is that the development on human rights principles would inform their employment and sourcing practices worldwide
- 9 Management information; Barclays will provide information on voluntary redundancies, redeployment and retraining.

Source: [www.unifi.org.uk](http://www.unifi.org.uk)

<sup>6</sup> There appear to be no long-run guarantees on avoiding compulsory redundancies.

UNIFI is not the only union to sign agreements. AXA insurance and Unions Together have also signed seven principles, see box 2. The elements in such agreements are not always transparent or cannot avoid long-run compulsory redundancies.

**Box 2: AXA's 7 principles**

1. AXA will consult meaningfully with Unions Together.
2. AXA will provide all necessary data and information including information on alternatives to outsourcing where possible.
3. AXA is anxious to maximise redeployment opportunities for all staff affected by transfers of work to AXA BS and in that context confirms its commitment to avoid site closures wherever possible.
4. AXA will use its best endeavours to avoid compulsory redundancies by maximising its utilisation of other approaches see Principles 5, 6 and 7.
5. AXA will put significant resources into supporting its staff to review their skills, review their life/career path and retrain/re-deploy where necessary.
6. Wherever possible AXA will use the opportunities created by natural attrition to support transfers of work to AXA Business Services.
7. AXA will use wherever possible the options of voluntary redundancy and relocation in preference to compulsory redundancy.

*Source: AXA union newsletter, no 23 (7<sup>th</sup> January 2004).*

UNIFI has not taken the (trade) protectionist route, not only because they realise that global companies safeguard British jobs, but they are disappointed in the approach by the hands-off approach by the UK

government, and argue that there are at least three ways in which the government can play a role:

- in local funding initiatives, bearing in mind that government incentives have helped to locate call centres in certain areas;
- in emphasising data protection;
- in emphasising corporate social responsibility and making certain elements compulsory.

UNIFI has also threatened to (ballot for a) strike on several occasions.

The Communication Workers Union (CWU) has also responded to offshoring of services, owing to BT's announcements to offshore thousands of jobs. The CWU is not focusing on India or Indian workers, but is concerned about the treatment of BT employees. The CWU has sought to exploit various avenues to stop work moving to India. This has included (<http://www.cwu.org/>):

- lobbies, demonstrations and protests;
- a media campaign;
- lobbying politicians and political parties;
- getting the issue raised in parliament;
- raising concerns with Oftel (the telecommunications regulator, now Ofcom, the UK communications regulator) and various government ministries;
- developing a coordinated strategy with other unions facing similar issues.

Unions have produced other, less-well coordinated or one-off responses or ideas. For instance, Tony Woodley, of the Transport and General Workers' Union, has proposed giving the right to freeze outsourcing contracts to the Department of Trade and Industry (The Guardian, December 2003).

## *Implications and future work*

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This section will examine the ways forward for the rest of the study on the perception of the linkages between UK trade policy, development and poverty reduction. This background paper has sought to provide and answer to some of the questions in relation to this project. Section 2 has already provided an answer to the question what trade policies were adopted and how are they expected to work on the ground. Sections 3 has answered in part how policies were adopted, and will uncover what actors think about the coherence of trade and development policies. However, further analysis and coverage of perceptions is required. We sketch some issues for further research below.

### **A. Mapping the various actors onto UK and EU trade policies**

This will be developed further in the next phase and would correspond well with questions posed in the project on how trade policy is made in the UK and what actors are included in the circle of influence.

We need to distinguish between various sectors and issues in the UK: while the DTI leads on trade negotiations, the DEFRA is responsible for Agriculture, and DFID safeguards the development perspective.

It becomes even more complicated when looking at EU trade policies. Here DG trade is in the lead, and has the competencies for negotiations on goods trade, and measures such as regional trade agreements, rules of origin, EPAs and EBA.

For both of these, UK and EU trade policy development, we will attempt to describe circles of influence.

### **B. Effects of interest groups on UK (and EU) trade policy**

This issue to be developed in the next phase will discuss the routes through which interest groups (NGOs and Business groups) may have affected UK and EU trade policies and the effects of such policies on development. It will illustrate issues related to coherence of trade and development policies.

Suggestions for topics include:

- EPAs. The Trade justice campaign / STOP THE EPAs / and the recent views by UK government on EPAs and the EC's DG Trade, coupled with the non- interest by business in this issue.
- New issues at the WTO agenda such as cotton and the influence of lobby groups such as Oxfam.
- Sugar lobby groups and the debate on EU sugar reform.
- Recent debate on China and EU textiles and garments imports, EU retailers vis-a-vis EU textile producers. This may provide interesting analysis on who is thinking along similar lines, e.g. UK retailers and developing country exporters of textiles and clothing, versus EU textile producers.
- Other issues include the notion that new standards may be established at the same time as agriculture tariffs and subsidies are being reduced. This will also shed light on possible alliances of like minded groups, e.g. consumer groups with developing country exporters.

### C. Implications

The implications of the paper could lead to the identification of trade measures by the UK (and EU) that can be useful for the enhancing development and reducing poverty, but which for whatever reason have not yet been adopted, or addressed satisfactorily.

It may suggest ways forward, e.g. in concluding further alliances.

- Appropriate Standards (alliances between consumer groups and developing country exporters)
- Textile and Clothing (work with EU retailers)

- EPAs (focus on the development aspect and aid for trade, rather than trade content which is not pushed by business)
- Offshoring of services (take a developmentally friendly positive and work with developing country services associations)
- Aid for Trade and Special and Differential Treatment (move from asking for increased policy space towards an emphasis on aid for trade, which is being developed at present, and which would help to raise the capacity of developing country exporters to benefit from the implementation of WTO rules)

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For further references see the appendices.

## APPENDIX A1

### NGOs and UK/EU Trade Policy and Development

NGO	WTO negotiations agriculture	WTO negotiations services/GATS	WTO negotiations NAMA	EPA	other
<p><b>War on Want</b> (www.waronwant.org)</p>	<p>They would like to see a complete elimination of export dumping if agricultural development is to reach its potential. War on Want also calls for an end to the abuse of food aid. Current WTO agricultural policy must be implemented and further, more radical reforms should be processed.</p>	<p>War on Want would like to see the service sector left out of trade negotiations. This would include public health, education, and essential utilities.</p>	<p>NAMA negotiations are being pushed quickly in pursuit of trade liberalisation among the world's richest countries without consideration for the developing ones. Instead, developing countries should be allowed to manage their own trade regimes, should have their own formula for tariff elimination (not Swiss), should be granted individual binding requirements, and should be allowed to participate on sectoral negotiations on a voluntary basis. WTO members should reject NAMA texts and push, instead, for further development of the industrial sector of developing nations.<sup>i</sup></p>	<p>War on Want is part of the Stop EPA coalition aimed at stopping the EPA negotiation process and looking for alternatives to complement liberalisation.</p>	<p>War on Want believes that developing nations should be exempt from joining the TRIPS agreement on intellectual property rights as it hinders them from providing prescription drugs efficiently to those who need them.</p>
<p><b>ActionAid International</b> (www.actionaid.org)</p>	<p>ActionAid calls for the immediate elimination of subsidies in the EU and the recognition of the need for a 'development box' around developing nations. The WTO should also implement supply management policies to curb the overproduction of agricultural goods.</p>	<p>ActionAid is strongly opposed to GATS.</p>	<p>ActionAid believes NAMA will not benefit the developing nations, but will most likely cause de-industrialization instead. They demand that the current NAMA negotiations be halted, the text of July 2004 be rejected, and a study of the potential developmental and environmental impacts of NAMA be carried out.<sup>ii</sup></p>	<p>ActionAid believes that the current EPA campaign would be detrimental to Africa and the Caribbean. They instead want to change the design of the EPAs so that African nations are not forced to open their markets before they are ready to do so. Developing nations should also be given an alternative to EPAs. They suggest action through alternatives to EPAs, including General System of Preferences or the Everything but Arms campaign. They also believe that Singapore Issues should be left out of any agreement. The UK has made a step in the right direction, but now needs to use its power with the EU to influence them as well.<sup>iii</sup> They believe that changes should be made to Article XXIV providing exemptions for ACP countries, like the EU has done with India-Pakistan.</p>	
<p><b>Oxfam International</b> (www.oxfam.org)</p>	<p>The WTO should not respond positively to pressure from the EU and US to maintain high export dumping rates.<sup>iv</sup></p>	<p>Oxfam believes that the GATS agreement would undermine educational opportunities in developing nations and is a founding member of the Global Education Fund to combat the legislation. Oxfam challenges the idea that the private sector can handle</p>	<p>Oxfam believes that developed countries are unfairly pressuring developing countries to liberalise their markets while not committing to knock down their own protectionist barriers. Oxfam recommends that developing countries choose</p>	<p>Oxfam urges the UK to reject EPAs in their current form until they recognise sustainable development as their central objective and include the principle of non-reciprocity. The UK has made positive progress after giving developing nations the power to set the pace, sequence, and</p>	

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NGO	WTO negotiations agriculture	WTO negotiations services/GATS	WTO negotiations NAMA	EPA	other
		the services component more efficiently. <sup>v</sup>	their own rates to which they will bind. Developing countries should also choose to exempt key tariffs from regulations. The preference system should also be drastically reformed. Those that put the system in place should provide bilateral assistance to those dependent on preference assistance <sup>vi</sup>	products for EPAs. It is now the job of the UK to convince other countries to do the same and affect the European Commission likewise. <sup>vii</sup>	
<b>World Development Movement</b> (www.wdm.org.uk)	The World Development Movement is convinced that citizens from developed countries would gain from cuts in agricultural subsidies. <sup>viii</sup>	They believe that the WTO has failed to consider the movement of low skilled labour in GATS. <sup>ix</sup>	The World Development Network says that the Swiss formula for tariff elimination hardly fits with the aims of the 'development round.'		
<b>Trade Justice Movement</b> (www.tjm.org.uk)	TJM calls publicly for developing nations to have the right to safeguard their own agricultural products on the grounds of food security. They also believe that developing countries should have the right to determine for themselves which tariff lines to reduce and at what rate. <sup>x</sup>	TJM believes water should be removed from GATS. The TJM proposes that the EU make a statement saying that developing nations have the right to abstain from initial service negotiations. Developing nations should have the freedom to provide for their people accordingly. <sup>xi</sup>	TJM believes that the UK government should reject the current state of NAMA and agree to allow developing nations to set their own binding tariff rates.	TJM stresses that the UK government should acknowledge the right of the developing nations to make the decision to liberalise or not. The UK should use its current position as president of the EU to make changes now.	
<b>Stop EPA</b> (www.stopepa.org)				Stop EPA rejects EPAs in their current form. They instead believe that EU-ACP trade negotiations should be based on the principle of non-reciprocity, should protect workers and farmers, should reverse the pressure for trade liberalisation, and should provide the political space for developing nations to peruse their own investment strategies. <sup>xii</sup>	
<b>Christian Aid</b> (www.christian-aid.org.uk)			Christian Aid believes that NAMA will effectively destroy existing industry in developing nations. They believe that developing countries should be able to use protectionist policies until they are ready to open their markets on their own time. <sup>xiii</sup>		Christian Aid does not support trade liberalisation, as it has seen the negative impacts liberalisation has on small farmers. Developing countries should not be forced to liberalise as a price for aid and developed countries should use their power in the World Bank and IMF to right past wrongs. Christian Aid also advocates for the UK to make a clear connection between SDT and flexibility in trade agreements as well as convince other EU members of the need to create a 'framework agreement' on SDT. <sup>xiv</sup>

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NGO	WTO negotiations agriculture	WTO negotiations services/GATS	WTO negotiations NAMA	EPA	other
<b>Which? Campaign</b> (www.which.net)	Half agricultural tariffs by 2010, and stop the naming of agricultural products by geographical region and name (as it provides yet another barrier to trade). <sup>xv</sup>		The Which? Campaign seeks to establish free trade by 2020,		Representing the wishes and demands of the UK consumer, the Which? Campaign advocates free trade via the WTO. This enables competition and lower prices for <sup>xvi</sup> the consumer.  Re-establish the WTO Working Group on Competition.
<b>'ecumenical community'</b>	They believe that food sovereignty and adequate nutrition should be the primary target of WTO agricultural policy. This, they believe, can be done via the elimination of harmful subsidies, the creation of a distinction between small farmers and huge agri-business in policy, the elimination of the dumping of food, and the removal of barriers around Northern markets. <sup>xvii</sup>	They believe that education, health services, and water cannot be 'commodified' and should be left out of GATS.			They advocate radical changes in the trade regime on intellectual property rights so that developing countries can have the right to import cheaper generic drugs in order to serve the people.



## Appendix A2

### Businesses and UK/EU Trade Policy and Development

Interest Group	WTO negotiations agriculture	WTO negotiations services/GATS	WTO negotiations NAMA	EPA	other
CBI (www.cbi.org.uk)	The CBI sees large opportunities for increasing openness of agricultural markets.	CBI supports the increased liberalisation of services. They also advocate the inclusion of investment in GATS.			The CBI supports the WTO in their effort to liberalise trade by removing barriers. <sup>xviii</sup>
CBC (www.cbglobalink.org)	The CBC recognises the importance of WTO rulings, especially in anti-dumping of agriculture. At the same time, they call for a reduction of tariffs in agriculture, citing that it would help developing countries make big gains.	The CBC advocates a progressive elimination of tariffs on services.			The CBC houses a Working Group on WTO and trade barriers seeking to eliminate trade barriers, improve market access, and ensure protection of developing countries in the world market.  The CBC also wishes to amend the TRIPS agreement to allow developing countries without domestic production the access to affordable medicines in the event of public health emergencies. <sup>xix</sup>
ESF (www.esf.be)		The ESF believes that their stakeholders (and all of the EU) have the most to gain from the liberalisation of the services sector and, therefore, believe it to be of most importance in trade negotiations. <sup>xx</sup>			The ESF advocates the need for a homogenous policy on the temporary movement of highly skilled workers within the WTO. <sup>xxi</sup>
Euratex (www.euratex.org)			Euratex believes that Doha negotiations on textiles and clothing should be done on a sectoral basis, that all WTO members should reduce their tariffs to a maximum of 15%, and that the WTO should freeze non-tariff barriers. <sup>xxii</sup>		
UNICE (www.unice.org)	UNICE believes that further liberalisation of the agricultural sector will have a positive influence on the agri-food sector of the EU, and therefore, should be included in WTO negotiations. They also stress the need for an end to other trade distorting measures, like subsidies, that make WTO negotiations less applicable. <sup>xxiii</sup>	UNICE believes that GATS provides a means for more participation of all WTO members in the trading of services. They believe that the role of GATS is to open the EU beyond a single-market and to make available services in other parts of the world. <sup>xxiv</sup>	UNICE actively supports NAMA as proposed as agreed at Doha. They believe that the agreement provides for improved market access and the ability for progress in European business. They believe that the text provides benefits for all WTO members. Furthermore, UNICE advocates for a complete elimination of tariff barriers in the long run, but has set up intermediate goals including a general tariff reduction formula. <sup>xxv</sup>		UNICE accepts that SDT for developing countries may be required to aid rural development and food security. They also support an extension of the 'Everything but Arms' campaign if the graduation of tariff reductions is part of the plan.

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Interest Group	WTO negotiations agriculture	WTO negotiations services/GATS	WTO negotiations NAMA	EPA	other
Global Services Coalition		The Global Services Coalition claims that the WTO is unsuccessfully negotiating on the services sector. 30 members of the WTO have failed to submit initial services offers which is stagnating liberalisation of markets.			
MARQUES (www.marques.org)					MARQUES advocates that geographical indicators of wine and spirits (GIs) be made part of the TRIPS agreement. <sup>xxvii</sup>
WITSA (www.witsa.org)					WITSA advocates the opening of the market of information and communications technology, as they believe that it would not only benefit the companies involved, but also those affected by the industry. They hold that developing countries could liberalise better with more cross-boundary access. <sup>xxviii</sup>

## Appendix A3

### Unions and UK/EU Trade Policy and Development

Union	WTO negotiations agriculture	WTO negotiations services/GATS	WTO negotiations NAMA	Other (offshoring covered in main text)
Amicus (www.amicus.eu.org)				Amicus is a part of the Make Poverty History Campaign aimed at asking world leaders for trade justice. They ask the UK government to allow developing countries to choose the solutions that they think will help end poverty and protect their environment, end export subsidies, and make harsher laws against big business profiting off of the world's poorest. <sup>xxx</sup>
EFFAT (www.effat.org)	<p>EFFAT understands the need to take on sugar regulations for international issues but believes that European Commission has taken on too much of a commitment to the WTO ruling which will harm the European sugar sector. They believe the price cuts are on too short of a timeline and will cause unnecessary social harm.<sup>xxx</sup></p> <p>They also fear that the opening of the sugar market may negatively affect developing countries due to the amount of child labour and lack of trade unions; it made lead to the exploitation of labour.<sup>xxxi</sup></p> <p>EFFAT advocates that full liberalisation of the agricultural market will have devastating effects for the developing world and that the Common Agricultural Policy must be reformed.<sup>xxxii</sup></p>			After the apparent failure of the Cancun negotiations, EFFAT made a stronger commitment to mitigate dialogue with EU institutions to make social change in European politics. They plan on becoming more involved in negotiations and working with information on a more timely basis. <sup>xxxiii</sup>
CWU (www.cwu.org)		CWU recognised that the WTO was working on GATS and that it would have impact on some 160 services sectors, a few of which CWU represents. The only comment they made was that they were supporting the Labour Party's initiatives on how the policy was handled. <sup>xxxiv</sup>		
Connect (www.connectuk.org)				Connect is also part of the Make Poverty History campaign because they believe that the developed world not only has a social obligation but also to ensure that global trade agreements do not erode labour standards. <sup>xxxv</sup>

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Union	WTO negotiations agriculture	WTO negotiations services/GATS	WTO negotiations NAMA	Other (offshoring covered in main text)
TUC (www.tuc.org.uk)				TUC is also part of the Make Poverty History campaign. <sup>xxxvi</sup>
ICFTU (www.icftu.org)	In terms of agriculture, the ICFTU has major problems with subsidies, food security and employment. They advocate an end to export subsidies, a closer look at the effects on employment and how governments can create new jobs, an even closer look at cotton subsidies, a better effort to respect the rights of trade unionists and women, the elimination of child labour in agriculture, stronger and more flexible rights for agriculture in developing countries, and more stable market access for developing countries into developed countries.	ICFTU holds that forced liberalisation of essential services under GATS will leave the most vulnerable worse off. They believe that public services should be excluded from the negotiations, services should be made affordable for all, 'benchmarks' should be excluded from the agreement so that developing countries need not make specific commitments to a service sector, a strong distinction should be made between trade regulation and trade liberalisation, migrant workers must be covered in the text, and a more comprehensive assessment of social/	ICFTU has major concerns with NAMA including the loss of jobs and policy space, the loss of income for social expenditure, the lack of sound assessment thus far, further preference erosion, the exclusion of health and environmental standards, and the sectoral approach. They recommend that governments take a more rigorous look at the developmental impact of NAMA, set up social programmes as a safety net, maintain an active 'policy space,' allow developing countries to opt out of certain sectoral negotiations, and call more for worker's rights.	ICFTU is part of the Global Call to Action Against Poverty alliance asking global leaders to live up to their promises to alleviate poverty. The aim of the alliance is to pressure governments to enact measures to protect public services from forces liberalisation, to increase the accountability of governments to human rights in trade policy, and to end

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