

Event Report, UK TDP National Dialogue, July 19, 2005

UK and EU Trade Policy: Searching for a Development Perspective”

This report summarises the discussions that took place at each session of the 1st UK national dialogue under the auspices of the Linkages between Trade, Development and Poverty (TDP) project, and lists the advocacy activities that will follow in response to the discussions.

Introduction

- Gideon Rabinowitz of CUTS London Resource Centre (CUTS-LRC) outlined the objectives of the TDP project stating that the project was about better integrating development concerns into UK/EU trade policies. The outputs from the developing country partners in the project will highlight the grassroots problems that developing country inhabitants face in relation to taking greater advantage of trading opportunities *vis-à-vis* UK/EU policies that play a part in creating these problems. The UK and Netherlands partners will take forward these issues to policy-makers in the EU. He made the point that we still have a lot to learn about TDP linkages and that we need to be open to learning more about them from projects such as this. The experiences of developing countries in this regard hold the key and these experiences need to be shared amongst developing countries and with policy-makers in the developed world, an objective that the TDP project aims to meet.
- Tamsyn Barton, Team Leader of Trade and Development at DFID, UK stated that she made the decision to support the project based on a number of factors. Firstly, DFID has recently redefined its strategy in relation to trade work to link better with the grassroots level through their country offices. In this way, the department wants its ideas to promote greater political debate on development in the countries in which it works and moves from economics to politics. Secondly, working in social development she wants grassroots experiences to feed into the policy-making process to make it more sensitive to social, gender and livelihoods perspectives. This project will support such aims.
- Ian Gillson from Overseas Development Institute (ODI), UK made the point that trade is not a panacea, as it does provide important opportunities for developing countries. What is required are important reforms both nationally in developing countries and internationally to make sure that trade helps the poor to progress. This project can feed into this process of further developing pro-poor trade policies.

Session 1 - 'NAMA and Development – Preparing for Adjustment, the Role for UK Aid'

- Jean-Christophe Maur Economic Advisor at DFID opened the session by summarising the results of a joint study DFID undertook with United Nations Conference on Trade and Development (UNCTAD) into non-agricultural market access (NAMA) and the adjustment costs of liberalisation. He noted how the benefits of liberalisation outweigh the losses but this did not disguise the fact that many developing countries would face significant losses in certain sectors, which would require adjustment support. He said that developing countries face adjustment at all times and that this adjustment should not be overstated in comparison. He said that recent commitments by the EU and G8 in relation to aid for trade will provide important support to this adjustment process.
- Ambassador Edwin Laurent, envoy to the EU for Dominica, St Lucia and St Vincent & the Grenadines said that the WTO has not yet woken up to the fact that that it is now an institution in which the majority of its members are developing countries and that it is no longer a club of developed countries as it was when GATT was established in 1947. The WTO needs to provide greater flexibility for developing countries, although things are moving somewhat as with the phase out of the MFA which was completed in Jan 2005. Preferences are no longer hugely important and real focus needs to be on ensuring that both private and public investment gets into developing countries so that they can build their capacity to trade. The Commonwealth Secretariat has developed a plan for a private sector investment facility which could provide important stimulus in this area.
- Comments from the floor included: All well and good to be throwing money at aid for trade but requires support every step of the way; concerns about political will to follow through with challenge of supporting aid for trade; offer of \$1 billion from EU for aid for trade is a bribe to make developing countries liberalise; developed countries need to lead by example eg in agriculture; is there the political will to let these countries increase their capacity to trade, are we willing to create another China?

Advocacy Points

- Produce policy brief on aid for trade issues in relation to Economic Partnership Agreements by September 2005. Distribute to key contacts for advocacy purposes.
- Monitor aid for trade debate and events and contribute to discussions through articles and comments.
- Keep in touch with DFID and ODI (Centre for Aid and Public Expenditure) in relation to their work on aid for trade.

Session 2 - "EU trade and development policy – Convergence or divergence"

- Peter Holmes from Sussex University said that EU's agricultural subsidies are abhorrent and they need to be got rid of if EU is going to be more consistent with its trade and development policies. He said that we need to find creative solutions to the problem e.g. providing resources for EU farmers to diversify. He said that the developing countries that are still dependent on preferences in relation to agriculture need to relinquish them as they will get much more in return if this leads to liberalisation in agriculture. SPS policies often prevent developing countries from enjoying the market access they have gained through the WTO and through RTAs and the EU could do more there. Amongst member states in terms of development-trade incoherence France is the real villain, Italy and Germany not that much better. UK quite liberal as well as Baltic states. Poland quite protectionist.
- Francesco Rampa from ECDPM gave an overview of EU trade and development policy and an analysis of the interplay between them. He said that the EU being the 2nd largest trading bloc in the world and the largest aid donor was a suitable candidate to look at in terms of its identity as a trade and development actor. He said that the EU's trade character is more straightforward as it is moving along a liberalising path (obviously with exceptions) but its developmental character is less well defined. This is due to the fact that many of the member states have different aid levels, member states speak individually at WB/IMF and through their development policies, new member states will need support over the next couple of decades which might take away resources and new security concerns could divert resources from development. So question of convergence vs divergence will continue to be very real. Also serious problem with the contradictions between policy-makers at the different layers of policy-making as very complex tapestry of policy-making layers and they frequently clash and contradict each other. EC still seen as an independent body, almost like 26th member state as member states still to control its activities as much as they would like. Civil society can help improve the situation by throwing ideas into the policy debate e.g. in aid for trade ideas. They can also encourage member states to monitor activities of the EC better.
- Comments from attendees included: One of the most important contradictions in policy is at the national level between ministries of the same government; NTBs make the whole picture even more complicated; maybe dispute settlement will help developing countries pressure for more consistency and supporting developing countries to take action is also important.

Advocacy Points

- Produce policy brief on aid for trade issues in relation to Economic Partnership Agreements by September 2005. Distribute to key contacts for advocacy purposes.
- Engage with BOND's EU policy group and UK Cottonou Lobby Group in support of advocacy in relation to TDP issues and the EU.

Session 3 – “SPS Policy-Making: Finding a balance between the interests of southern producers and northern consumers”

- Peter Holmes presented about the complexities of SPS policy making in that it is very difficult to define what is a suitable policy and what is back-door protectionism or an exaggerated risk assessment. A good example is the aflatoxins case in relation to peanuts that potentially saves 2 lives in a billion but restricts developing country peanut exports. Most SPS are reasonable and some could provide developing countries with an opportunity to find new markets through improving product quality.
- Phil Evans gave an overview of the SPS policy-making process and the implications for development. He said that CODEX standards are the basic standards that are used internationally but that CODEX+ standards are often used in the EU, together with private CODEX++ standards such as Euregap. These are very high standards that are often set by corporations and their lawyers, the same bodies that are controlling these sectors from a production perspective. These CODEX+/+ standards increase costs to producers significantly and are often used to protect EU markets, e.g. the sardine case. Also Geographical Indicators are used to protect markets as well. How do we balance the development concern with consumer concerns? The solution is not with the WTO although the WTO has helped to highlight issues and get them into the public eye. The best way to promote development is at the national level by Northern consumers expressing their concern at the developmental impacts. We also need to work in partnership with Southern organisations who can shout to us when unreasonable SPS policies are being implemented so that we can take up their case. Development agencies in the north need to take us some of these cases in partnership with Southern groups and consumer groups and maybe bring a case against Euregap or some of the cartels that survive through unreasonable measures.
- Comments from attendees: There needs to be a body set up to monitor the standards setting process and highlight these issues; there isn't a great record of providing support to countries to comply with standards and there needs to be more work to find solutions; there is a real bottleneck of people in the developing world qualified to certify standards making it harder for producers to produce in accordance with them; we need to try and spot these standards issues before they arise so that we can combat them before they impose costs on developing countries.

Advocacy Points

- To communicate to the developing world TDP partners the importance of highlighting SPS issues in their project outputs so that LRC and the other EU partners can take these issues up in the North in cooperation with NGOs and consumer groups.
- To work with consumer groups such as CI and Which? to develop a working partnership on SPS issues that have implications for development.

- Work to highlight the developmental impact of SPS issues with UK NGOs using the outputs of the TDP project.

Session 4 - “The Linkages project in the UK and EU – Where will it go, what can it achieve?”

- Session chaired by Gideon Rabinowitz from CUTS LRC and Dirk Willem te Velde from ODI. They requested ideas from participants in relation to the types of issues the project should focus on in the EU, the stakeholders that need to be engaged in the project, the activities that could be undertaken in support of the project and any other views participants wanted to share in relation to the project.
- Ideas expressed by attendees included: The perception survey should focus not on what stakeholders say, as this is already well known, but what they do, and the gap between what they do and what they say; need to engage with DG trade and DG development and encourage DG development to take more of a lead on trade issues in relation to developing countries; need to look at S & D; need to look at aid for trade; project could provide case studies related to adjustment; if perception survey to influence decision-makers needs to be designed carefully to do so; be good to produce literature list on key issues; need to focus on agriculture as where majority of poor people are; the project needs to challenge the status quo and come up with alternatives; if looking at TDP linkages then need to look at supply chain and find key areas where poor lose out and where advocacy could help and find very specific issues to target; good supply chain could be coffee, but focus on competition issue and not just world commodity prices that other NGOs focus on; be good to use the perception survey for some public campaigning.

Advocacy Points

- Research supply chain for a product (to be identified) and impact of SPS policies and competition issues on developing country exports. Write up as first Policy Brief for 2006 and distribute to key contacts and use for advocacy purposes.
- To communicate to the developing world TDP partners the importance of highlighting case studies relating to adjustment and aid for trade so that LRC and the other EU partners can take these issues up in the North in cooperation with others.
- Perception survey to be designed with the above suggestions in mind.

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