

Institut Européen des Hautes Etudes Internationales



EU Trade Policy-Making: What Role for Civil Society?

Kathleen Kent

Diplôme des Hautes Etudes Européennes et Internationales - Année 2004/2005

Directeur de Recherche: Matthias Waechter

Table of Contents

Introduction	4
Chapter 1 - The External Trade Regime of the European Union	8
1. The Legal Basis of the EU's External Trade Regime :.....	8
1.1 The European Union within the World Trading System:.....	10
1.2. Trade Policy Processes at EU level :.....	11
2. Theoretical Approach – Factors Affecting EU Trade Policy:.....	12
Chapter 2- The Evolution of European Union Development Strategies and an Overview of its Trade Relations with Developing Countries.....	19
2.1 Historical Relations of the European Union with Developing Countries:	20
2.2 EU Trade Relations With Developing Countries :	24
Chapter 3 - European NGDO Lobbying and the Cancun Ministerial Conference	33
3.1 Seattle, Doha and the run-up to the Cancun Ministerial:.....	36
3.2 NGO preferences and the Cancun Ministerial:	47
3.3 The impact of NGDOs at Cancun:.....	62
Conclusion:.....	66
Bibliography.....	71

Introduction

It has often been asserted that the European Union is characterised by a less than democratic polity. This 'democratic deficit' has been seen as the result of the restricted role of the EU's only directly elected institution – the European Parliament – in decision-making processes, as well as the inability of any other institution, other than what many see as an isolated, technocratic Commission, to launch legislative proposals. Over time, efforts have been made to bridge the gap between what many perceive as an authority far-removed from representing the common will of European citizens. The EU's promotion of increased dialogue with civil society groups, set out in the 2001 'White Paper on Governance', is said to represent one such attempt. It was here that the Prodi Commission openly acknowledged the importance of dialogue and consultation with civil society in order to encourage participatory democracy at EU level¹.

This thesis explores the ability of one particular sector of European civil society, the Non-Governmental Development Organisation (hereafter NGDO)² lobby, to influence one particular policy area - EU trade policy. It focuses on a growing campaign run by these organisations to promote trade justice issues in the European Union, in order to ensure that EU trade relations with developing countries in the south will guarantee the sustainable development³ of their economies. The thesis examines the dynamics of EU trade policy processes and establishes which institutions would most likely be targeted by advocacy groups, as well as how the preferences of these groups may be translated into European trade policy. A policy networks approach is taken in order to establish the major factors which shape EU trade relations with developing countries and, more specifically, those which have shaped and shape its approach to the Doha

¹ Justin Greenwood, *Interest Representation in the European Union*, p.185

² Note: Though it could be claimed that these organisations are not representative of European civil society (as they represent the common will of citizens outside of the European Union), the author works off the assumption that sectors of European civil society are characterised by post-material values, going beyond their desire for material wealth and security. The will to eradicate worldwide poverty represents one example of post-material values.

³ Sustainable development: a form of development, which works to the alleviate poverty of poverty whilst providing for the protection of natural resources and encouraging economic growth and productivity

negotiations. It will not analyse whether the multilateral-trading system, as it stands, delivers sufficient benefits to the developing world to allow for sustainable economic growth. Nor does it try to assess the potential for decisions reached in the Doha round to do the same. Having given consideration to each of the issues mentioned above, the justification for an EU civil society dialogue and its ability to increase the democratic participation of EU citizens will then be discussed.

Before moving on to examine the lobby groups, which are the main focus of this thesis, it is necessary to explain the notion of trade justice as a whole. The idea of trade justice or 'fair trade', as it has been coined, is a relatively new concept, which has been integrated into the discourse of sustainable development. Its definition, according to FINE, an international fair-trade umbrella organisation is of "an alternative approach to conventional trade. It is a trading partnership, which aims for the sustainable development of excluded and disadvantaged producers. It seeks to do this by providing better trading conditions, by awareness raising and by campaigning". Fair trade is not merely about the process of trading itself but also about development among Southern producers and Northern consumers. Hence there is a lot of diverse activity in the field of fair trade. In Europe this activity takes place in four main domains – among importing organisations, which pay Southern producers a "fair" price for their produce; in World Shops, which specialise in sales of fair trade products; among fair trade labelling initiatives, which bring fair trade products into mainstream sales outlets such as supermarket and among fair trade related organisations, which include NGOs conducting awareness-raising activities towards consumer-responsibility and fairer exchange between North and South – the primary focus of this thesis.⁴

NGOs campaigning for trade justice on the part of developing countries generally belong to the myriad of development organisations throughout Europe, who understand that their goals to improve the quality of life of those in the third world cannot be fulfilled without fighting against the increased force of the global economy. Other organisations,

⁴ EFTA, *Fair Trade in Europe 2001*

such as environmentalists, concerned about the impact of industrialisation on developing countries' natural resources, have also begun to fight back against the forces of globalisation and of increased trade-liberalisation.

The collapse of multilateral trade negotiations at Seattle in 1999 was a signal, on the part of developing countries and members of civil society alike, that the liberal forces of the multilateral trading system needed to be put in to check, so that all could profit from the benefits of globalisation. The Doha Development Agenda was the solution provided on behalf of rich countries to these calls for trade justice. However, the second collapse in trade talks at Cancun in 2003, called the agenda into question, signalling that Doha failed to provide the answers developing countries were looking for.

Regarding the overall structure of this thesis, the first chapter will focus on trade policy-making processes in the European Union. It also outlines a theoretical approach, which can bring us closer to an understanding of which factors shape EU trade policy. An understanding of policy processes is vital when studying interest-group interaction, as we need to understand at which stages of the policy cycle an interest group may interject. The theoretical framework will help us to understand policy outcomes in the broader context and to identify the where NGDOs have been successful in having their preferences transferred into trade policy.

The second chapter was to be more ambitious in scope, but due to the lack of transparency in the EU policy-making process and the scarcity of material available to the author, it remains more of an 'impression' of what factors shape EU trade policy. Nevertheless, it serves as a useful background upon which to build a more concrete analysis of the role of Non-Government Development Organisations in policy-making processes before the Cancun Ministerial, which will be the focus of Chapter Three.

In the concluding section we will draw on our findings from the three chapters and examine the role of the trade justice lobby in a wider context, as we attempt to define the place of civil society in Europe today.

Chapter 1

The External Trade Regime of the European Union

In order to recognise the channels through which NGDOs may influence EU trade policy, and at which stages they may intervene in the policy-making cycle, it is necessary first to analyse the legal foundations of the EU external trade regime and its corresponding policy-making processes. Secondly, a theoretical approach to the analysis of EU trade policy will be provided in the shape of a number of hypotheses suggested by Vinod Aggarwal and Edward Fogarty in their study, *'European Trade Strategies: between regionalism and globalism'*. This theoretical approach is extremely useful for the purposes of this study, as it gives a comprehensive overview of the different actors and circumstances, which have the potential to shape EU trade policy⁵.

1.1 The Legal Basis of the EU's External Trade Regime:

Articles 110-116 (now articles 131-134) of the Treaty of the European Community, signed in Rome in 1957, set the mandate for the foundation of a Common Commercial Policy (CCP). The principle goal of the CCP was to promote the economic growth of the Community and to foster political cooperation between its members as stated in Article 131 (ex 110) (which established guidelines for the erection of a Common External Tariff (CET) to form a customs union between all member states) through “the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers”. Article 133 gradually shifted the authority to negotiate trade agreements with third countries from member state governments to the European Commission, for subsequent ratification of the agreements by the European Council. Meanwhile, The process of establishing a Common Commercial Policy was finalised by the Maastricht Treaty in 1992 (The Common External Tariff having already been well established and fully functional since 1968), when preventative measures were

⁵ Note : Although originally intended to explain the European Union's regional trade policies, the authors fully acknowledge that it may also be used as a starting point to examine policy pertaining to multilateral negotiations.

put in place to stop member states from taking protective measures which could hinder Community trade⁶.

Regarding the ratification process, one significant amendment to the CCP has been made since the Treaty of Rome. Until the 1980's, voting in the Council on trade issues took place on a unanimous basis. However, as a result of the adoption of the Single European Act in 1987 and the Treaty of Maastricht in 1992, qualified majority voting was introduced for trade in goods under Article 133⁷. Once the Nice Treaty was ratified in 2001, Article 133 was extended to cover trade of certain aspects of intellectual property and some services⁸. Before, the Council could only extend the scope of this article to include these areas by unanimous agreement and after consulting the European Parliament⁹. The Parliament has a more limited role and has no ratification powers. Its main role in trade agreement negotiations is an advisory one, although, according to the TEC, the "assent" (a procedure by which the EP considers proposals at a single reading but has no powers to amend these proposals) of the EP may be required for major treaty ratifications, which involve more than just trade issues¹⁰.

It is important to note that, although Article 133 provides the European Commission and Council with the legal authority to negotiate trade agreements, the type of agreement defines which article of the TEC should be invoked. Many regional or bilateral trade agreements will either invoke Article 300 for a cooperation agreement or Article 310 for an association agreement. In addition any regional trade agreement with a developing country or region will involve Article 177 or Article 181, which deal with development issues.

⁶ Fereydoun A. Khavand, *Le Nouvel Ordre Commercial Mondial*, p. 78

⁷ Vinod K. Aggrawal and Edward A. Fogarty, *Between Regionalism and Globalism : European Union Interregional Trade Strategies*, pg. 28.

⁸ WTO, *EU Trade Policy Review 2004*

⁹ <http://www.eu.int/scadplus/leg/en/lvb/r11000.htm>, consulted 01.05.05

¹⁰ http://europa.eu.int/comm/trade/issues_newround/index_en.htm, consulted 01.05.05

The European Union within the World Trading System:

Today, the majority of EU trade takes place within the framework established during the Uruguay Round of multilateral negotiations, which now lies under the auspices of the World Trade Organisation¹¹. Following the WTO's 'Most Favoured Nation' clause, the EU must grant every member of the WTO equal access to its internal market for trade in both goods and services. Any agreements made on a unilateral, bilateral or regional basis on the part of the European Union are all regarded as preferential¹² agreements under either Article XXIV of the GATT or Article V of the GATS (it is worth mentioning that the EU has taken a rather liberal interpretation of these articles over time, in order to justify the forms of preferential access it now offers¹³).

EU preferential access is often referred to as a 'pyramid of privileges'. At the top of the pyramid are those countries, which gain the most preferential access – members of the European Economic Area (European Union Member States, plus Norway, Iceland and Lichtenstein), as well as Switzerland. Next come countries, such as Bulgaria and Romania who, upon signing the '*Europe Agreements*', established a free-trade area with the European Union, as well as countries such as Turkey and Chile who have both signed customs union agreements. Also, high up on this hierarchy of privileges are the 77 African Caribbean and Pacific (ACP) countries and the Mediterranean signatories of the Barcelona Accord. Duty-free access to the EU internal market, without quantitative restrictions, was also offered to the 49 'least developed countries' (low-income countries, as defined by a UN set of criteria) in 2001 (although import duties on 'sensitive' - i.e. those which require protection measures, to protect domestic producers- products, basically bananas, sugar and rice are being phased out gradually until 2009)¹⁴. Lower down on the pyramid of preferences, come countries benefiting solely from the Community's scheme of generalised tariff preferences (GSP), which is an integral part of

⁶ Note : in 2004 the Commission estimated that around 74 percent of the EU's trade takes place under the MFN regime. (WTO EU Trade Policy Review 2004)

¹² Note : preferential treatment is basically a reduction in the CET for a particular trading partner.

¹³ Ben Atkinson , *Trade Policy and Preferences*, p. 311

¹⁴ Commission DG Press and Communication, *Making Globalisation Work for Everyone* , p.15

the GATT/WTO trading system. The GSP provides non-reciprocal, preferential market access to 178 developing countries and economies in transition. Many of these countries, such as the ACP countries, have already signed separate accords with the European Union, so the main beneficiaries of this agreement are Asian and Latin American Countries. Tariff reductions vary under the GSP in relation to the sensitivity of the product, and Article 14 of the GSP allows the re-imposition of MFN tariffs if the lower tariffs pose a threat to EU producers.¹⁵ The GSP is also subject to review and a new set of tariff preferences will be introduced by the EU for the period 2006 – 2015. Finally, the countries, which receive the least preferential treatment, are those WTO members who do not fall under the GSP category and who have not concluded any separate trade agreements with the European Union.

Trade Policy Processes at EU level :

This section will explain how the European Union coordinates its trade policy in practice. As stipulated in the last section, the procedure for negotiating trade agreements under Article 133 belong to the competencies of the Commission and the Council. However, Aggarwal and Fogarty claim that there is great variation of institutions and actors from each negotiation to the next, due to the fact that different Treaty articles can be invoked depending on the agreement in question, “making it difficult to define a coherent set of procedure and processes whereby broad EU trade policy is made”¹⁶. What follows is an overview of the basic procedure, which is followed before, during and after trade negotiations. According to Neill Nugent¹⁷, the procedure for decision-making in contracting agreements, under Article 133, is usually as follows:

1. The Commission makes a recommendation to the Council of General Affairs (there is no separate Trade Council), which is firstly examined by COREPER and placed on the Council’s Agenda

¹⁵ Ben Atkinson , *Trade Policy and Preferences*, p. 314

¹⁶ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism : European Union Interregional Trade Strategies*, pg. 30.

¹⁷ Neill Nugent, *The Government and Politics of the European Union*, pg. 443-445

2. Once the Council has considered the Commission's proposal, a decision will be taken as to whether the negotiations should proceed (the initial proposal perhaps having undergone subsequent modifications by COREPER or, indeed, the Commission) or not. If approval is granted, the Council will provide the Commission with a suitable negotiation mandate. This decision is subject to approval by QMV.
3. The Commission's relevant Directorate-General will take the lead in negotiating an agreement, within the mandate set by the Council. The DGs, which participate in these negotiations vary depending to the agreement being negotiated, but usually come from the External Relations (RELEX) DGs.
4. The Council monitors the Commission's progress in negotiations through its 'Article 133 Committee', which is made up of both COREPER deputies as well as representatives responsible for trade from each member state.
5. All agreements concluded must finally be authorised and signed by the General Affairs Council.

This is the general procedure for trade policy-making in the European Union. However, the Doha Agenda incorporates areas where governments retain national competences, such as in some services, investment and some aspects of intellectual property. In this case when the Commission is securing a mandate and or seeking ratification on these issues, the Council will decide on the basis of unanimity¹⁸. According to Aggrawal and Fogarty, the restriction of QMV to agreements based only on goods has "severely hindered the EU's ability to negotiate pacts, whether in the WTO or in regional forums, that include these expanding sectors."¹⁹

1.2 Theoretical Approach – Factors Affecting EU Trade Policy:

In their study, '*EU Trade Strategies*', Vinod Aggarwal and Edward Fogarty take four different hypotheses (none of which are mutually exclusive) when attempting to establish

¹⁸ Neill Nugent, *The Government and Politics of the European Union*, p . 465

¹⁹ Vinod K.Aggrawal and Edward A. Fogarty, *Between Regionalism and Globalism : European Union Interregional Trade Strategies*, pg. 28.

the determining factors, which define EU bargaining mandates for international trade negotiations. In their first hypothesis they look at societal actors, who attempt to influence EU trade strategies. Following this hypothesis, it is possible to determine the probable impact that an interest group will have on EU trade policy by taking an approach that takes into account the following elements²⁰

1. The preferences of the interest group (for example, a trade agreement on a multilateral versus a bilateral basis)
2. The institutional environment (which may or may not vary, as we shall see in the next hypothesis)
3. The coherence of the interest group (for example, do they ally themselves with other interest groups in order to gain influence - “interest groups seek to construct minimum winning coalitions to capture the Union’s broader trade policy agenda”²¹)
4. The resources of the interest group

Wolfgang Wessels, in his paper ‘The Growth and Differentiation of Multilevel Networks’, supports the idea of group coherence as a vital tool in policy-shaping in the European Union, but adds to this the importance of a ‘multi-level’ approach: “one aspect of the ‘power’ of persons and (interest) groups is the capacity to link several networks at several level....a home-base must not be neglected...without a reputation for being able to sell a compromise at home, players lose influence in Brussels”²². This point will also be taken into account when examining the coherence of the interest groups in this study. Unfortunately, as we shall see later, we will not be capable of exploring policy processes as fully as we would like because the EU decision-making process lacks sufficient transparency to follow the entire procedure. Therefore, Aggarwal and Fogarty’s approach provides a useful ‘predictive framework’²³ to assess the potential success of NGDOs in translating their preferences – via resources, collective action and institutions – into EU policy.

²⁰ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 10

²¹ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 7.

²² Wolfgang Wessels, *The Growth and Differentiation of Multi-Level Networks*, p.35

²³ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 7.

It is crucial that this approach be seen in the wider context of the EU policy-making dynamic. Therefore, is it necessary to examine the other hypotheses presented by Aggarwal and Fogarty, which examine further factors which may shape bargaining mandates. The next hypothesis focuses on EU bureaucracies, which attempt to maximise their own influence in the European policy-making arena. In order to understand trade outcomes using this approach it is necessary to establish which institution stands to benefit in terms of inter-institutional influence from adopting different trade preferences²⁴. As regards the Commission, the broader a trade agreement (i.e. with a maximum number of countries, policy areas, sectors), the more scope for the institution to expand her competencies. Within the Commission, internal jousting for power among several Directorate-Generales, will also occur where responsibilities for trade negotiations are in dispute²⁵. The authors speculate that “the Council (as well as the European Parliament and the Court of Justice) is unlikely to gain new powers through the manipulation of EU trade policy, and so simply seeks to prevent the Commission from gaining too much influence at its own expense”²⁶. Relating this back to the interest-group hypothesis, we could envisage that either of the two relevant institutions might tow the line with a particular interest group in order that its competencies might be increased.

The third hypothesis stakes the claim that trade strategies are determined by international systemic constraints and opportunities. These policies emanate from a European will to protect and to promote itself politically and economically within the international system. There is also the consideration that trade is nested in a greater economic system, which is, in turn, nested in a security system. For example, the WTO defines the framework for international trade procedures but is also an institution nested within the international security system, so concessions granted within this system may actually result from a broader desire of the consenting party to resolve an a particular security issue. Accordingly, trade policy is an important component of the EU's Common Foreign and

²⁴ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 10

²⁵ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 11

²⁶ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 11.

Security Policy. The authors insist that the European Union's main diplomatic tool is its internal market: "The EU can best punch its weight in international politics by granting and/or restricting access to the large and rich European market"²⁷. Therefore, the highest priority here is the consistency of the EU's trade policy with her Common Foreign and Security Policy – it must comply with European Union's political and economic ambitions and, in turn, must not place the Union in a similarly insecure position, by pushing her to break international systemic constraints.

The final hypothesis follows Karl Deutsch's "constructivist" vision of European identity formation²⁸. This pertains to the belief that the sense of "self" is formed through an interaction with comparable "others". His "transactional" approach hypothesised that an increase in the number and frequency of transactions within Europe would help foster a European identity²⁹. He believed that the norms and values of European trade policy could have a trickle-down effect and help to shape a European identity among her citizens. Therefore trade strategies result from the will to create a common European identity. This hypothesis could also serve as a support to the previous hypothesis in that a common European identity could help to forge a stronger sense of loyalty to a communal CFSP policy.

Aggarwal and Fogarty also examine the factors, beyond EU negotiating mandate, which will shape the outcome of trade negotiations³⁰. The first consideration involves the preferences of the countries or regions in question. Secondly, the configuration of power within the trading partners region or country. In the case of the WTO, since different negotiating coalitions are formed – a coalition will hold a stronger bargaining position if it has more political and economic muscle than its counterpart. Lastly, there is the notion of counterpart coherence – how strong is the counterpart's economic and political coordination? If the counterpart has a weak level of coherence, it is likely that the EU

²⁷ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 13

²⁸ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 15

²⁹ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 15

³⁰ Vinod K. Aggarwal and Edward A. Fogarty, *Between Regionalism and Globalism: European Union Interregional Trade Strategies*, pg. 13

can gain advantage in negotiations, as it is the world's largest trading bloc, whose policies on trade issues are relatively unified and coherent. The influence of the advocacy groups, which form the subject of this thesis, may not be able to affect the overall outcomes of trade negotiations but, as we shall later observe, can still be influential in their attempts to shape the preferences and coherence of EU trading-partners.

Having examined Aggarwal and Fogarty's theoretical framework, we can conclude the following with regard to the present study: Firstly, that NGOs need a coherent strategy when attempting to shape EU policy. The two authors claim that the most successful and coherent tactical approach lies in the ability to form a coalition of enough interested parties, which represents the maximum number of preferences of the particular group in question. We have also noted that these coalitions need to work on different levels to effectuate change. When we looked at the trade policy processes at EU level, we saw that the Commission and the Council play the most significant role and, hence fair trade lobbies need to focus their efforts on both national and European levels. In Chapter 3 we will take a closer look at this dynamic. Secondly, a lobby group's resources will also affect its ability to have a voice in trade policy outcomes, affecting the level of visibility it has. Thirdly, the preferences of a particular interest groups will most likely be taken on board by an EU institution if these preferences have the potential to enhance the institution's competences. Essentially we can see that the Commission will most likely adopt the preferences of a lobby, which have a suitable number of elements involved, in order to engage the maximum number of DGs in the negotiation process. Four, if a lobby's preferences serve to foster the EU's economic and foreign policy preferences, it is also likely to have its interests represented in trade mandates. Lastly, following the "constructivist" vision of European identity, a lobby's preferences are more likely to be taken on board if they promote a European identity through the maximum frequency and number of transactions between Europe and other regions throughout the world.

Chapter 2

The Evolution of European Union Development Strategies and an Overview of its Trade Relations with Developing Countries

The overall aim of this section is to come one step closer to establishing what factors might influence EU trade policy towards developing countries, by taking a retrospective look at the evolution of the European Union's development programmes. We will also examine the existing trade relations that the EU has with developing countries. As the EU has engaged herself actively in the "campaign against poverty in developing countries" and the "sustainable economic and social development of the developing countries"³¹, it will be interesting to see how this engagement might influence her trade policy, and vice-versa. It will also help us establish whether the basic interests of the NGOs we will study in the next chapter are similar to those of the EU in trade and development matters.

The creation of the European Union's development policy is the result of a mixture of historical, moral and economic circumstances. The legacy of colonisation has meant that many member states hold strong historical ties with regions throughout the world, some of them for several centuries. Morally, from the perspective that there is a strong belief with in the EU and its member states that world poverty is a problem that they must fight to alleviate. Economically, developing countries account for a significant amount of exports from the EU - in 2001, 9 percent of total EU exports went to developing countries³² - and there is a dependence on the part of the EU on a number of raw materials, such as uranium, rubber and copper, from developing countries.³³ We will proceed to examine the different phases of EU development policy and the determining interests, which defined it, placing the findings into context with the hypotheses examined in the last chapter. We will then examine existing trade agreements between the European Union and developing countries, in order to establish where the Union's

³¹ TEC Title XX, Article 177

³² Source : Overseas Development Institute

³³ Neill Nugent, *The Government and Politics of the European Union*, p. 463

priorities may lie in this domain. By the end of this chapter we should understand the greater interests of the EU in its relations with developing countries and therefore have a better idea of what influences its trade policy in this regard. The preferences and strategies of Europe's development lobby will be examined in Chapter 3, bearing in mind the conclusions reached here.

2.1 Historical Relations of the European Union with Developing Countries:

When Robert Schuman declared his plan for a vision of a united Europe, he did not fail to consider the broader relevance of this project in relation to Europe's moral and historical obligation to her colonial territories – In 1950, he announced: “L'Europe pourra, avec de moyens accrus, poursuivre la réalisation d'une de ses tâches essentielles, le développement du continent africain” ³⁴. The Treaty of Rome (Articles 182-187) contained provisions for “association” agreements between the EC and former African colonies of the member states, while those territories still under European control were incorporated into the EC customs union. The first association agreement implemented was the Youandé Convention of 1963. It basically offered reciprocal trade preferences, and technical and financial aid to several African states, as well as Madagascar. The agreement was revised once again in 1968, before being replaced entirely by the Lomé Convention in 1975.

It is important to place the politics of association, as represented by Youandé, into the context of the geopolitical situation of the time. It came at a time when the two Cold War Superpowers were consolidating their separate blocs. It is clear that the member states of the European Community shared an interest in gaining alliances, and that in the post-colonial era it was important to gain the loyalty of the newly independent nations. From this point of view, the main incentive behind the association politics of the EC could be regarded as an off-shoot of Bloc-logic politics. There is also the idea that Yaoundé resulted from a sort of disguised neo-colonialism, notably on the part of

³⁴ Florence Galletti, *La Politique Européenne de Coopération pour le Développement Durable en Afrique de L'Ouest*, p.84

France, who imposed the idea of association politics as a condition for her adhesion to the European Community, reluctant to break socio-economic and psychological ties with her former colonies³⁵. It is quite clear that the requirement of reciprocity in the trade preferences granted to the Youandé countries symbolises the will of the European member states to profit from this new policy, suggesting that the relationship had overtones of EC commercialism, whilst falling in line with geostrategic requirements. It would be irrational to claim that the Youandé agreement emanated from a purely moral sense of obligation.

The Lomé agreement embodied the EC's new policy of 'development and co-operation'. This was a more multilateral approach, encapsulating several regions with which Europe had had colonial relations. However, like the past association agreements, the co-operative approach remained exclusively economic and trade-orientated. However, the trade preferences allocated were non-reciprocal, which basically meant that the EC offered unilateral tariff reductions to these countries for the first time. Several important factors led to the establishment of the Lomé convention: Firstly, when Britain joined the EC in 1973, she demanded that trade preferences were extended to her own former colonies. According to John Ravenhill, the development lobby began to play a significant role in Europe at this time and, along with some of the EC's trading partners, it made an impact on policy when it criticised the reciprocal aspects of the Yaoundé agreements³⁶. On a geopolitical level, the oil crisis of 1973 brought a new notion of interdependency, between industrialised countries and the developing world, to the fore. At this time, as well as establishing the Lomé conventions, another area of co-operation was created between the EC and the Southern Mediterranean countries.

With the end of the Cold War and dissolution of the Soviet bloc, the EC reorientated her development policies both geographically and strategically. A new approach of 'sustainable development' was adopted. This is essentially an approach, which protects and preserves natural resources, encourages economic growth and an increase in

³⁵ Florence Galletti, *La Politique Européenne de Coopération pour le Développement Durable en Afrique de L'Ouest*, p.84

³⁶ John Ravenhill, *Back to the Nest ? Europe's relations with the African, Caribbean and Pacific Group of Countries*, p.125

productivity, as well as closing the gap in terms of social disparity and working to eliminate poverty³⁷. In Maastricht and Amsterdam, a legal framework was established in order that the EC could establish co-operative development agreements with Latin American, Asian and Central and Eastern European countries.

The disappearance of the two blocs was significant in that quick “pay-offs” were no longer necessary to attempt to secure the alignment of third world countries. We could then suppose that the development policies of the EC at this time took on a more morally motivated characteristic. In support of this comes José Carvahlo’s assessment that it was only during the 80s that the fight against poverty was brought to the fore by international organisations and emphasised increasingly as a moral obligation for all members of the industrialised world³⁸. Also we can regard the establishment of the common market and the creation of the European Union as highly significant, as Europe was now to become a real global economic power with a need to a more coherent foreign and commercial policy. The use of aid and development on an EU scale were increasingly effective diplomatic tools. The overall aim of the EU’s common commercial policy, set out in Article 131 of the TEC, calls for “the harmonious development of world trade” and “the progressive abolition of restrictions on international trade and the lowering of customs barriers”. Article 177 of the TEC sets the mandate for the European Union in the field of development cooperation. In its first paragraph it states that Community policy shall foster “the smooth and gradual integration of the developing countries into the world economy”. Clearly, then, there is a strong attachment to liberal ideals in the Union’s development policy, which manifests itself most noticeably in the mid-90s. Highly significant too is the fact that until the late 90’s, the responsibility for negotiating trade agreements with developing countries rested with the Commission’s DG Development, but was subsequently transferred over to DG development. This suggests an increase in the dominance of the commercial interests of the Union with regard to developing countries. The second paragraph of Article 177 states “Community Policy in this area shall contribute to the general objective of developing and

³⁷ Florence Galletti, *La Politique Européenne de Coopération pour le Développement Durable en Afrique de L’Ouest*, p.22

³⁸ José Antonio Sequeira Carvalho, *Enjeux Géopolitiques et Nouvelles Approches pour la Coopération au Développement*, p.62

consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms". This new approach to the promotion of democracy and the strengthening of good governance represents what could be a new will to enhance social conditions the developing world, but could also represent the need for the European Union to promote global stability for its own benefit. Carlos Santos claims that during the 90's these aspects became « both an *objective* and a *condition* for the EU development assistance with developing countries »³⁹ One thing is clear - as opposed to the form of interdependency, which existed in the 70's, there is a new sense of interdependency which exists in the world today. With the acceleration of globalisation processes, the industrial world is under threat from problems emanating from the developing world. For example, the rise in Islamic fundamentalism and the threat of terrorism, migration, the spread of disease, drug-trafficking, environmental concerns and other global problems have certainly contributed to a new approach to development policy among governments in the northern hemisphere today.

After 2000, the development policy of the European Union underwent further restructuring and today focuses on poverty reduction in six main policy areas, including, for the first time, recognition of the link between the benefits of trade with development policy. The five other areas include support and aid in the areas of regional integration and cooperation, macro-economic policies and equitable access to social services, transport, food security and institutional capacity building (good governance and the rule of law). Clearly this restructuring, with a new emphasis on the benefit of trade to development, represents an ever growing need for the European Union to respond to the demands and threats of globalisation. In a joint statement from the Council and the Commission, produced in 2000, the underlying features behind the recent reforms are explicit: « Globalisation, which involves in particular a steady rise in trade and private investment flows, offers some opportunities but also entails the risk of marginalisation. The debt burden often leaves developing countries no room for manoeuvre. The increasing inequality gap is proof that growth and certain forms of aid are not always enough in themselves to remedy the situation. Poverty, and the exclusion which it creates, are the root causes of conflict and are endangering the stability and security of

³⁹ Carlos Santiso, *The Reform of EU Development Policy*, p.2

too many countries and regions »⁴⁰. In June 2003, Javier Solana, the EU's High Representative for CFSP published a strategy paper discussing the need for a coherent strategy in the promotion of the EU's external relations. He emphasised the necessity to extend 'the security zone around Europe' and stated that both 'trade and development can be powerful tools for promoting reform' in 'strengthening the international order' and countering new post Cold-War threats⁴¹.

Looking at the evolution of EU development policy over the last five decades, the most striking elements, which seem to determine the approach that the Union has taken to development policy, seem to emanate from the EU's geostrategic and economic requirements. From the outset, the European Union was founded on the principals of liberal economics and within its development policy, we can see an emphasis has been placed on encouraging trade and liberalisation in the developing world. Going back to Aggarwal and Fogarty's theory that economic structures lie within the greater net of international security, we can see this as a theory strongly reinforced upon examination of the European Union's development strategy – there has been an increased tendency to promote peace, democracy and the rule of law in developing countries, in turn promoting suitable social conditions, which support economic growth and stability on a global scale. While it is clear that the efforts of the European Union to help fulfil the needs of developing society can produce very positive outcomes, it cannot be denied that noble aims are subservient to her greater economic and political goals.

2.2 EU Trade Relations with Developing Countries:

This section will focus on the cooperation and association agreements that the European Union has concluded with several groups of developing countries, as well as examining remaining forms of trade preferences afforded to developing countries through the multi-lateral trading system. The agreements will be put into context with the four

⁴⁰ *The European Community's Development Policy - Statement by the Council and the Commission*

⁴¹ Steve Grimm, *European Development Cooperation to 2010*, p3

hypothesis examined in the last chapter, in order to better understand which actors and circumstances influenced policy outcomes most strongly.

Cooperation and association agreements are two major development tools employed by the European Union. Typically, cooperation agreements involve very generous trade preferences (which are often non-symmetrical reciprocal arrangements), political dialogue often pertaining to the establishment of democratic principles, as well as some form of financial assistance. There is often some form of political conditionality attached to the agreement. Examples of this can be found in the old Lomé system or in the current 'Partnership and Cooperation' agreements in existence between the EU and the Commonwealth of Independent States. Association agreements are characterised by stronger economic obligations and reciprocity in terms of trade preferences, as well as stronger co-operation in other spheres. There is often EU funding involved as we can see from the Euro-Mediterranean Partnership's MEDA programme, or in the 'Europe Agreements' between the EU and Romania and Bulgaria.

The ACP group:

Europe's association with the African, Caribbean and Pacific countries has three main elements – trade, investment and development. It is the trade aspect which has changed most over time. The existing arrangement, the Cotonou agreement, made provisions for Economic Partnership Agreements which are under negotiation and will come into force in 2008. The EPA agreements will essentially lead to the establishment of free trade areas between the ACP signatories and the EU. Special provisions have been made for the 39 least-developed ACP countries under the Generalised System of Preferences scheme. For the interim period from 2000 – 2008, the non-reciprocal arrangements granted by Lomé IV still apply. The Economic Partnership Agreements will be concluded on a regional basis instead of with the group of 77 ACP countries, as a single entity. There is an opt-out possibility for countries who do not wish to conclude an EPA, who would in that case trade under the 'Generalised System of Preferences' which will be described later on.

Several major factors have led to the alteration of EU trade relations with the ACP region. The determining factor which led to the substitution of the Lomé Convention with the Cotonou Agreement seems to have been Lomé's incompatibility with WTO regulations⁴². According to the WTO, the Lomé agreement does not comply with the MFN principal as it treated countries at the same level of development in a discriminatory manner. This first became apparent during the famous « Banana War », which came as a result of the EU offering special preferences to ACP countries for banana imports, while Latin American, or (« Dollar Zone ») banana exporters suffered as a result.

Prior to Cotonou, several other factors had led to a decrease in preferential treatment for the ACP region, which had traditionally received the greatest level of EU trading preferences among the world's developing countries. A new emphasis on development and non-colonial preferential treatment began to emerge in Brussels. The accession of both Spain and Portugal to the Union brought new ties to the Latin American countries, while the treaty of Amsterdam placed a new focus on development needs⁴³. Within the DG Development, a desire to expand competencies led to the promotion of new relations outside of ACP states. As for the development lobby, they first “worked in favour of maintaining or improving the treatment provided to the ACP under the partnership, according to John Ravenhill. The development lobby was effective in national parliaments; it also worked closely with members of the European Parliament to maintain pressure on the Commission and the Council of Ministers”⁴⁴. However as the idea of a more global approach to poverty reduction and development became more popular, “Even the strong development lobby in Europe, the sophisticated network of NGOs that had grown up around the Lomé relationship, and their supporters in the European Parliament, found little merit in a development policy that privileged countries according to colonial inheritance rather than developmental status”⁴⁵. On a global

⁴² Matthias Busse, Harald Grossmann, *Assessing the Impact of ACP/EU Economic Partnership Agreements on West African Countries*, p.1

⁴³ John Ravenhill, *Back to the Nest, Europe's Relations with the African, Caribbean and Pacific Group*, pp.127 - 128

⁴⁴ John Ravenhill, *Back to the Nest, Europe's Relations with the African, Caribbean and Pacific Group*, p.130

⁴⁵ John Ravenhill, *Back to the Nest, Europe's Relations with the African, Caribbean and Pacific Group*, p.142

economic level, the ACP countries are of little significance for the European Union, while in terms of security issues, the EU has had a desire to concentrate her efforts on her more immediate neighbours in the Mediterranean Region and the Central and Eastern European countries⁴⁶. We can clearly trace the elements, which have led to a relative decline in the preferential treatment of ACP countries and the significant impact of the development lobby in shaping an aspect of EU trade policy. However it is the need for WTO compliance that has defined the current Cotonou agreement, something that has been lamented by many NGOs in Brussels, since many feel that developing countries will lose out on the new EPA arrangements.

The Euro-Mediterranean Partnership:

As already mentioned, Europe began a programme of development co-operation with the South Mediterranean Countries in the 1970's. The 'Global Mediterranean Policy', as it was known, grew out of the interrelated concerns concerning the threat of terrorism and the need for oil⁴⁷. In response to the 1973 oil crisis and the increase in Israeli-Palestinian hostilities, the Union provided the Mediterranean signatories of the cooperation agreement with unilateral free trade concession as well as some financial assistance.

The end of the Cold War meant more possibilities for interregional co-operation and 1995 saw the establishment of the Euro-Mediterranean cooperation agreement. The treaty signed as a result of the agreement involved three different pillars . The first pillar defines a common area of peace, security and political stability; the second, the construction of a shared zone of prosperity – essentially a reciprocal trade agreement, which should eventually lead to the establishment of a free trade area, with timetables for this negotiated between the different partners - and the third, a pillar of cultural co-operation. The ten south-Mediterranean signatories of the agreement are Egypt, Algeria, Jordan, Libya, Morocco, Syria, Tunisia, Turkey and the Palestinian Authority. Over the

⁴⁷ Beverly Crawford, *Why the Euro-Med Partnership ? European Union Strategies in the Mediterranean Region*, p. 94

last few years, the European Union has created association agreements with nine of these countries to replace the co-operation agreements concluded in the 70's. Essentially, in terms of trade preferences, this means that a degree of reciprocity is required on the part of the Mediterranean countries. Turkey, the only one of the ten countries not to have signed an association agreement, has already established a customs union with the European Union.

The policy, which led to the negotiation of the Euro-Mediterranean agreements, can be regarded as resulting principally from the political concerns of the European Union. The EU feared mass-immigration from this area, as well as increased security threats⁴⁸. The agreements echo the concerns of the European Union reflected in the last section of this chapter, due to the increased interdependence of the two regions. In terms of economic dependency, the EU has little to gain from trade with the Southern Mediterranean region, aside from its dependence on oil supplies, which is, according to Beverly Crawford, «likely to weaken as the EU enlarges and begins to look eastward to the former Soviet Union to fill its energy requirements»⁴⁹. Therefore, the allocation of trade preferences to this region could be regarded as a useful integration tool, which, more importantly, in terms of benefiting the EU, can lead to the greater goal of security in this region.

Latin America:

A partnership was launched at the Rio Summit in 1999, linking the EU with the entire South American region, as well as with the Caribbean, which represented a form of co-operation between the two regions for the first time. The four main areas of co-operation are in the areas of human rights, information society, the reduction of social disparity and education. Here, the mandates to negotiate association agreements with MERCOSUR (Argentina, Brazil, Paraguay and Uruguay) and Chile were also established. Negotiations

⁴⁸ Beverly Crawford, *Why the Euro-Med Partnership ? European Union Strategies in the Mediterranean Region*, p. 94

⁴⁹ Beverly Crawford, *Why the Euro-Med Partnership ? European Union Strategies in the Mediterranean Region*, p. 94

for a free trade area with Mexico had already begun in 1997 and were concluded by 2000. The agreement with Chile was signed in 2002, creating a FTA with the EU. Negotiations are still underway with MERCOSUR

Latin America holds little significance for the European Union in terms of benefit from economic, trade and geopolitical relations. However, the EU is the region's second biggest trading partner, after the US. MERCOSUR have much to gain from the establishment of an FTA with the European Union, as it would decrease her dependency on the United State as a trading partner. It has been said that the EU was only prompted to begin trade talks with MERCOSUR in reaction to the number of ongoing negotiations between the US and Latin American countries⁵⁰. However, it is within the EU that the process is being stalled – the opposition to the economic interests, favouring trade liberalisation, results from the call of agro-industrial groups for protectionism⁵¹.

The Generalised System of Preferences :

The existing rules within the multilateral system allow the EU to avail of two further possibilities to offer preferences to developing countries. In 1968, the United Nation Conference on Trade and Development (UNCTAD) recommended the creation of the 'Generalised System of Preferences', whereby developing countries would be provided with trade preferences by industrialised countries. The EU scheme was first implemented in 1971, once a waiver was granted through the GATT Agreement. Currently the scheme offers preferences to 178 developing countries. The GSP scheme is revised regularly – the current scheme began in 2002 and will end in 2006. The beneficiary countries being those, which belong to the UNCTAD, group of 77 as well as China and the 'economies in transition' which appeared after the break-up of the former Soviet Union⁵².

⁵⁰ F.Nowak-Lehmann D. and I. Martinez-Zarzosa, *Mercosur-EU trade*, p.4

⁵¹ Joerg Faust, *Blueprint for an Interregional Future ? The European Union and the Southern Cone*, p.51

⁵² EU Commission DG Trade, *The European Union's Generalised System of Preferences*, p. 4

The GSP now includes special development-related incentives, which grant lower tariffs to countries enforcing certain labour standards, as laid out in the International Labour Organisation's (ILO) Conventions, as well as those countries who implement policies, respecting international environmental standards. Also special preferences are granted to several developing countries with severe drug production and drug trafficking problems, in order to provide them with better export opportunities for certain products, to provide an alternative source of income to that earned through drug production and trafficking.

The GSP also makes special provisions for Least Developed Countries through the 'Everything But Arms' (EBA) Initiative, which first came into effect in 2001. Under this scheme duty-free access to the EU market is offered on all LDC exports (excluding arms and munitions) with the exception of bananas, sugar and rice. Tariffs and quotas for these products will be removed in 2006 for bananas and in 2009 for sugar and rice. The EBA initiative allowed the EU to justify its preferential treatment of the least developed ACP countries, by extending this treatment to all LDCs.

A World Bank report, published in 2003, indicated that the impact of the EU's EBA regime was very minor, since 99 percents of LDC produce has already been allocated preference under different preferential schemes with the EU.⁵³ This signals that the creation of the EBA scheme was probably a public relations stunt on the part of the EU in order to gain favour with developing countries in the multilateral trading system

Conclusion:

The EU is striving for international trade liberalisation through both its regional and multilateral trade strategies. Therefore it is important to ensure that the correct socio-economic conditions are in existence to provide for this. An increased trend towards replacing co-operation agreements with association agreements means the EU is

⁵³ Paul Brenton, *Integrating the Least Developed Countries into the World Trading System*, p.2

demanding higher levels of reciprocity in trade relations and a stronger commitment to democratic principles from her partners.

Along with economic priorities, we see a strong emphasis on security issues and the granting on trade preferences and development aid as an increasingly important element of the CFSP's diplomatic artillery. These economic and security issues, falls in line with Aggarwal and Fogarty's third hypothesis. We see that many trade concessions have been granted to developing countries, in the name of security - the strongest example of this being the Euro-Mediterranean partnership - as well as to maximise the economic potential of the Union within this security system

We can see the importance of interest groups to some degree, particularly when we look at the manner in which they have affected the EU-MERCOSUR agreements. However, it seems clear that these interest groups can influence trade policy in areas which are of little geopolitical and economic significance to the European Community, such as Latin America, or the ACP countries.

We have thus far found little evidence to suggest that the outcomes of trade agreements between the EU and developing countries are overwhelmingly characterised by the bureaucratic ambitions of the Commission, the Parliament or the Council. However it does appears that the agreements that are of less geostrategic or economic significance to the Union might be subject to a less strict mandate by the council, which could encourage members of the Commission to push the envelope to expand their competencies.

The notion of the constructivist formation of a common European identity is possibly embodied in certain areas, as democracy is considered as a fundamental European value. The Copenhagen Criteria represent the most tangible embodiment of a common European identity. Also Europe-wide promotion of that idea that the EU fosters development abroad, as well as the idea of peace, democracy and the rule of law must certainly contribute to a common sense of identity, depending to what extent it is publicised within the EU.

All in all, the European Union's trade and development policies towards the countries examined above seem to serve principally as useful tools to reinforce ambitions represented by her Common Commercial Policy and the CFSP. It is often argued that the CFSP is a less than coherent policy area, but it seems that the EU has quite a well-defined set of priorities when it comes to the developing world. Also, the fact that trade and development agreements often only require qualified majority approval (as opposed to CFSP decisions) means these areas have powerful potential foreign policy tools.

With regard to the manner in which poor country lobbies may influence EU trade strategies, the above evidence suggests that there will be more consultation and room for influence, in areas which are of less geopolitical or economic significance to the Union. Having taken a brief overview of the state of EU-developing country trade relations, we see that the two areas where interest groups have had a significant influence seem to lie in ACP and South American relations.

Chapter 3

European NGDO Lobbying and the Cancun Ministerial Conference

This chapter will examine the preferences of a number of European NGDOs with regard to the Doha Development Agenda, and examine how they attempted to translate these preferences into European trade policy in the run-up to the WTO Ministerial Conference, in Cancun. In order to determine their capacity to do this we shall, following Aggarwal and Fogarty, examine the level of coherence of these groups, studying the kind of alliances they form and the levels at which they operate. We will attempt to determine what sort of resources they dispose of, as well as the institutional environment, which surrounded the EU's policy-making procedure for the Cancun Ministerial. Interviews with three of the four NGDOs (Aprodev were unavailable for comment), as well the EU's umbrella organisation for NGDOs, CONCORD, were carried out, and provided very useful information on all these criteria.

We shall focus on four development NGOs – CIDSE, APRODEV, WIDE and Oxfam International. All four organisations have different backgrounds in terms of resources, advocacy techniques and the emphases they put on different aspects of their trade preferences. However, each one of them has a clear commitment to representing developing countries' interests on an EU level. Also, all four of them are members or partners of the European NGO confederation for relief and development, CONCORD (formerly Clong), which co-ordinates the policy of international and national NGDOs at a European level. It is given special recognition, as well as funding, for this particular function by the European Commission⁵⁴. Several more Brussels-based NDGOs have contributed to representing developing country interests in EU trade policy, but have been less active in the campaign around the Doha agenda than the four mentioned above. In terms of the scope of this thesis, it would be fruitless to discuss the lobbying techniques of each and every Brussels NDGO with regard to trade policy, as many may

⁵⁴ European Commission DG-EAC, *Dialogue and Consultation with Europe*, p. 9

have produced a couple of statements here and there, but have not followed the Doha agenda as avidly as the selected organisations.

There are many other civil society groups also lobbying for trade justice in the EU. These include Friends of the Earth, the World Wide Fund and anti-globalisation groups, such as ATTAC. However, these groups either do not correspond to the sector we wish to study, which is sustainable development, with a focus on poverty eradication and social justice (the first two NGOs, for example, define their preferences around the environmental sustainability of a development programme) or else do not coordinate their policy at a European level (ATTAC is based primarily in France and has no advocacy office in Brussels). In sum, the organisations to be studied in this chapter all have a relatively uniform framework of preferences, in that they attempt to define what policy outcomes best represent the interests of developing countries. Each one works within the framework of the EU polity and accepts that trade can be of benefit to developing countries if employed effectively. What follows is a brief overview of each of these organisations:

Oxfam, an international confederation of 12 organisations, works in over 100 countries worldwide in areas such as trade, conflict-resolution, debt, aid and education. Its European advocacy office was set up in 2002 and lobbies on development, trade and humanitarian issues. The organisation has adopted what it calls a « rights-based approach », which aims to help people living in poverty to exercise five main rights – the right to a sustainable livelihood, the right to basic social services, the right to life and security, the right to be heard and the right to an identity⁵⁵. As far as its approach to trade and development is concerned, Oxfam sees trade as a force « with the potential to act as a motor for the reduction of poverty, as well as for economic growth ». This potential, however, has yet to be unleashed, as the developed world has continuously managed to bend the rules of international trade in its favour⁵⁶. However, the organisation continuously stresses the importance of developing countries to pursue their goals within

⁵⁵ Oxfam International, *Annual Report 2002*, p. 1

⁵⁶ Oxfam International, *Annual Report 2002*, p. 1

a multilateral system, as they lack the political and economic sway that is necessary to gain the upper hand in regional or bilateral negotiations.

International Cooperation for Development and Solidarity in Europe– **CIDSE** – is an international network representing 15 Catholic development organisations from Europe and North America. Established in 1967, CIDSE’s approach to development policy is based on Catholic social teaching on human development. In accordance with this teaching, CIDSE sees trade as a « means to development for all humanity, and not just an end to itself »⁵⁷ CIDSE’s strategic plan for 2001 – 2004 placed advocacy as the organisation’s principal priority. Its international trade campaign focuses mainly on the WTO negotiations on TRIPS and agriculture.

The Association of World Council of Churches related to Development Organisations in Europe – **APRODEV** – was founded in 1990 in order to coordinate the policy of 17 Anglican, Protestant and Orthodox development organisations on a European level. As an ecumenical organisation, it understands development as a “multi-faceted and holistic concept, which comprises social, cultural, spiritual, political, environmental and economic aspects”⁵⁸. The organisation created a special working group on EU trade and food security policies in 2001, as part of its strategic plan and launched its Global Trade Campaign in 2002 in conjunction with the Ecumenical Advocacy Alliance. Its members believe that trade « must be an instrument to promote life in just, participatory and sustainable communities »⁵⁹. Food security is of the organisation’s greatest concerns, in terms of trade preferences.

WIDE stands for Women in Development Europe and represents a network of development NGOs, gender specialists and human rights activists. Established in the late 90s, its mandate is to monitor and influence international economic and development policy and practice from a feminist perspective. WIDE’s aims are therefore narrower than the other three organisations, focusing primarily on women’s rights when defining her development goals. The organisation lobbies the EU to include gender sensitive

⁵⁷ CIDSE *Global Trade at the Service of Human Development*, p.4

⁵⁸ see : www.aprodev.org

⁵⁹ APRODEV, *Trade for People not People for Trade*

policies and is keen that the trade policies should include gender analysis, due to its belief that trade liberalisation has a different impact on men and women.

All four organisations have different preoccupations when it comes to development policy – Oxfam sees takes the approach of development, for the sake of development in itself, emphasising that an existence without poverty is a fundamental right. It holds a wide-scope approach to trade issues and has carried out research on numerous aspects of trade and development. Both religious networks stress the spiritual and ethical aspects of their approach and focus primarily on areas granting basic needs such as trade justice in agriculture and food security. WIDE emphasises women’s rights above all other developmental priorities (though, the two Christian organisations, also define their policy using a gender perspective), but also comments on a broad range of issues, like Oxfam. Later we shall examine how these basic approaches shape each organisation’s trade policy preferences.

3.1 Seattle, Doha and the run-up to the Cancun Ministerial:

The Uruguay round of GATT negotiations, established a new world trading order embodied by the World Trade Organisation, which was to provide a framework for new levels of economic liberalisation in many new and varied sectors - something which had been impossible under the GATT regime. Just five years later, this new order was thrown into question. The WTO ‘Millennium’ Ministerial conference in Seattle in 1999 was a resounding failure due to three factors. Firstly, the conference was poorly organised – there was no mandate established prior to the talks, which created a sense of chaos around the negotiations. Second, several developing countries started to voice their protest at the manner in which negotiations took place. It seemed that the real decisions were being taken during “green room” discussions, held behind closed doors by the director general who convoked the WTO’s principle negotiators, such as the EU, the US and Japan. They also threatened to leave the negotiations after the US attempted to place rules for sanctions pertaining to social norms on the agenda. Developing countries

opposed this suggestion vehemently, feeling it was unfair and opportunistic of the US to attempt to apply such conditionality to the trading system⁶⁰. Lastly, It was in the run-up to Seattle, that the 'anti-globalisation' movement began to crystallise, gathering support from many different social milieus the world over. The movement has grown up as a response to a variety of objections to the new global economic – ranging from the desire to protect cultural diversity to a sense of indignation regarding the social injustices and economic disparities that the system has produced. The 40,000 protestors, who descended on Seattle during the Ministerial Conference, came to express their frustrations on a number of issues but they certainly had one thing in common - they felt these frustrations – in part, at least - were arising out of the multilateral trading system and the WTO. The protestors proved to be a force to be reckoned with, as violent outbursts and similar retaliations by the police ensued. These highly destabilising circumstances made it clear that the WTO needed to adopt a more inclusive attitude in both its negotiating procedure and the trade rules established among its members.

Two years later, the Doha Ministerial conference in Qatar proved more constructive on both these counts. A large part of Doha's success was due to new levels of cooperation on the part of industrialised countries, both among themselves and towards developing countries. The lessons of Seattle had shown that increased efforts had to be made in this regard, if the larger players wanted to pursue their desired agendas. The stock market crisis in 2000 and the events of September 11th had produced a particularly sensitive political and economic environment, particularly between western and Islamic countries⁶¹. It was necessary to tread carefully. A Ministerial Declaration was produced, which established a clear negotiating mandate including, as a result of an EU initiative, a special focus on the needs of developing countries, in order that they be fully integrated into the multilateral trading system. It included special provisions for developing countries, which run through its mandate and signalled recognition that developing countries needed help in strengthening their macroeconomic management, economic infrastructure, and administrative capacity to be able to integrate fully into the multilateral trading system. One example of a special provision, is the precision of the rules of

⁶⁰ Daniel Jouanneau, *L'Organisation Mondiale du Commerce*, p.47

⁶¹ Jeffrey Schott, *Reflections on the Doha Ministerial*, p2

“special and differential treatment”. Already established in Uruguay, these rules give developing countries special rights, such as longer time periods to implement agreements and commitments, or measures to increase trading opportunities for developing countries. However, the formalities of these rules remained imprecise. Trade ministers from advanced economies also agreed to help provide developing countries with the necessary technical assistance and capacity building they required so that they could fully participate and benefit from the Doha round⁶²

At Doha, it was agreed that the negotiating process would take place over two stages, meaning that modalities for future negotiations on the ‘New Issues’ (or the ‘Singapore Issues’ as they are also called) on areas of trade facilitation, investment, competition and transparency in government procurement were first to be placed on the agenda at Cancun. To complicate matters, the Cancun negotiations were to be approached as a single undertaking – an all in one package deal, so to speak - which meant that if trade decisions were not agreed upon in one area, negotiations in all other areas would remain inconclusive⁶³.

We will now focus on the four NGDOs levels of coherence, resources and the preferences were expressed in the lead-up to the Cancun negotiations.

NGDO Coherence:

It is no surprise that European NGDOs upped the ante on research and campaigning on trade issues during the period after the Doha conference. An agenda consecrated (at least in theory) to incorporate the needs of developing countries into the multilateral trading system, was an invaluable occasion for such organisations to represent the issues they felt

⁶² Jeffrey Schott, *Reflections on the Doha Ministerial*, p.3

⁶³ Note:

This was a form of guarantee to the EU that the negotiations for the « new issues » would be placed on the mandate at Cancun (see : Jeffrey Schott, *Reflections on the Doha Ministerial*, p.3

were of importance to development, being able to draw on their own field-experience and interaction with partner agencies in developing countries.

In 2002, CIDSE created a special task group to concentrate on its trade and development policies in Brussels. Prior to this, its trade campaign had been lead by two national NGOs belonging to the CIDSE networks. It designated the Cancun Ministerial conference as its prime target when trying to influence EU trade policy in 2003. APRODEV also placed a new emphasis on its advocacy work, giving trade issues special priority from 2001 onwards. Perhaps the most significant indication of Doha's impact on European civil society was Oxfam's establishment of its Brussels office in 2002. During this time, all four organisations worked closely with partners in European member states and other northern countries, as well as with partners in developing countries.

On a European level, each of the four organisations has a number of preferred partners with which it coordinates its lobbying activities on both a national and on a European level. However, in the run-up to Cancun, there were many different constellations of groups lobbying DG Trade in order to have a greater impact on its policies towards the developing world. These coalitions often shifted with regard to each issue represented in the Doha mandate. This is the normal pattern for civil society groups in Brussels, according to Wolfgang Wessels. He states that there are very few "frozen cleavages" in Brussels that lead to permanent coalitions, since competition for scarce resources leads these coalitions to shift continuously.⁶⁴

An example of one such coalition was the 'Seattle to Brussels Network'. This coalition was made up of 13 national and Brussels-based NGOs. These NGOs lobby on development, environmental and social issues and often have quite different opinions on what international trade agreements should look like. Indeed, in a booklet produced on investment and competition negotiations in the WTO, containing different essays produced by each NGO, the editors themselves acknowledged that the "articles do not necessarily reflect the view of all members of the network"⁶⁵. Though such an alliance

⁶⁴ Wolfgang Wessels, *The Growth and Differentiation of Multi-Level Networks*, p.36

⁶⁵ Seattle to Brussels Network, *Preface to Investment and Competition Negotiations in the WTO*

may help to highlight the broad range of issues at stake, it is often stressed that the problem of anti- and alternative-globalisation campaigns, as with any coalition-movement, lies in the disparate interests of their members. Both Oxfam and WIDE have been active members of this coalition since its creation. When quizzed on the dynamics and strength of such a varied coalition, Luis Morago, of Oxfam, claimed “we are forced to water down many of our positions, as we often work with some very radical groups. It is always a compromise”. However, he still felt it was necessary to form coalitions and insisted that they played a valuable role in the coherence of a lobby campaign.

When questioned on the benefits of partaking in activities with this group, the WIDE representative said it did not necessarily weaken the impact of the group, but admitted that WIDE had to work twice as hard within this coalition in order to bring gender awareness on trade issues to the fore among the coalition’s members. However, she maintained it was necessary for WIDE to partake in such coalitions in order to raise its profile.

Both APRODEV and CIDSE have relatively stable alliances and cooperate most often with national and international ecumenical organisations, as well as with each other. As these are both church-organisations, they clearly will have a wide and well-established following throughout the continent and have the advantage of an audience on many levels. One might think that the preferences of these networks would be relatively homogenous but both have experienced internal difficulties when defining their preferences. A review in 2001 saw threats to the credibility of the APRODEV as “the overwhelming choice of possible priorities as well as differing views within the agency, constitute a threat”⁶⁶. The CIDSE policy officer also noted the difficulty of striking a fine balance between its members when attempting to represent the network in trade policy, and said that the finalised preferences are “always a compromise”.

In 2003 the European Confederation of NGOs for relief and development - CONCORD - was set up in conjunction with the Commission as a liaison organisation to represent over 1,200 relief and development NGOs in Europe. It is coordinated by 10

⁶⁶ APRODEV, *2001 Review*

European Networks and 18 national platforms. The overall aim of the confederation is to coordinate cooperation between NGOs in order to influence political debate on development and relief policies. The network set up an *ad hoc* working group on trade and development in 2003, which was due to start its work programme in 2004. However, the group only made use of a fifth of the budget allocated towards it last year⁶⁷, which, according to Pancho Yermo of CONCORD, is due to the fact that the project is still in its early stages and members are trying to establish a set of common principles through which it can define its trade policy preferences.

When targeting EU trade decision-makers, NGDOs generally prepare positions (through reports, position papers, statements and letters), which they subsequently transmit to the European Commission, the European Parliament and the Member States. They may also participate in the civil society dialogue of DG Trade. One more tactic, to increase pressure on EU institutions is through the media. Oxfam's "Make Trade Fair" campaign was launched in 2002. Gaining the endorsement of the media as well as high profile celebrities, who campaign for the organisation after the same style as UN good-will ambassadors, raising awareness on issues like unfair agricultural dumping and subsidies, has certainly helped Oxfam build awareness among the European public regarding trade justice issues. However, Luis Morago explained that the really important work takes place behind the scenes with EU decision-makers. Public awareness certainly helps to create some sort of pressure but good research and good working-relations with those in power are equally, if not, more important, according to Morago.

Significantly, APRODEV claims that one of the network's weaknesses lies in the fact that "the combined size and strength of the agencies is seriously underestimated" and that this "affects APRODEV's visibility in its dealings with the European Union institutions"⁶⁸. It has no strong association with the media - something, which certainly could serve strongly to improve its visibility if Oxfam's experience is anything to go on.

⁶⁷ CONCORD, Financial Annual Report 2004, p.2
<http://www.concordeurope.org/download.cfm?media=pdfUK&id=923>

⁶⁸ APRODEV, *Strategic Plan 2003-2004*

One common position already established among the member organisations of CONCORD is the dissatisfaction with the level and quality of consultation dialogue with the Commission. Despite vigorous campaigning since the mid-90s, European NGOs have no legal recognition for consultation on EU policy. As regards informal consultation, the Commission reviewed its policy a few years ago with the publication of its 'White Paper on Governance' in 2001. Here the Commission outlined a framework to enhance its cooperation and consultation procedures with European civil society groups. The new structure for dialogue for civil society on trade issues consists of four elements: contact groups, general consultations, internet chats and thematic groups (eg concerning different aspects of trade policy such as TRIPS negotiations etc.).

However, both the WIDE and CIDSE trade representatives insisted that that consultation with the Commission's DG trade was virtually non-existent⁶⁹. According to Guillaume Légaut of CIDSE, much of what occurs meetings between the Commission and NDGOs is essentially one-sided, in that the Commission essentially provides information (which the public is usually not privy to), but generally does not ask this be reciprocated. Also, though it does it does meet with a member of one DG or another around once a week to discuss trade and development issues, the organisation is generally never asked to provide an opinion to any of the DGs and generally must seek contact of its own accord. Luis Morago of Oxfam International also complained that quality of consultation were highly unsatisfactory. But despite the dissatisfaction with the level of dialogue Oxfam, Morago admitted that the organisation had a relatively strong relationship with the Commission compared to other NGDOs and that there was "a lot of respect" shown on both sides. WIDE had far less interaction, meeting or contacting Commission representatives in some form around once a month, to express its opinion on trade policy issues.

⁶⁹Note :

Guillaume Légaut of CIDSE, stated that « we are basically *never* consulted » on trade policy issues and Benedicta Alleart of WIDE, said that dialogue between WIDE and the Commission was « highly insufficient »

The World Wide Fund (WWF), an environmental lobby group, published an evaluation of DG Trade's civil society dialogue in September 2002. Whilst commending the Commission for embracing of a wide variety of issues and its political commitment to dialogue, it criticised the Commission's lack of global vision in its policy and the impression of "consultation fatigue" given by Commission representatives. It also lamented the lack of any mechanisms to evaluate the impact of the civil society groups on EU trade policy.⁷⁰ This view reflects similar problems to those expressed by CIDSE and Oxfam – the organisation was satisfied with the structural nature of the consultation procedure, but did not see that its concern were being taken on board by DG trade. WIDE, on the other hand, expressed dissatisfaction on both counts. The organisation regarded the building up of personal contacts with individual Commission members or parliamentarians as a solution to this problem. However, it seems that whether or not a high level of contact exists between these organisations and the Commission, the NGDO community still does not feel that DG trade is taking its concerns seriously.

There are also concerns about the asymmetrical relationship that the NGO community has with DG trade, compared to other interest groups, such as agri-business, commercial and industrial groups. In April 2001 documents relating the EU's plans for GATS proposals were leaked, which exposed intense levels of consultation between the Commission and several European multinationals, while, according to several NGOs, no such comparable input was called for on their part. Another complaint was that the EU had not responded to the broad range of concerns put forward by NGOs concerning GATS since the Doha round had begun.⁷¹

Aside from lobbying decision-makers in member states and in Brussels, all four organisations are part of international networks who help build up technical expertise and awareness on trade issues in developing countries. This is a valuable role as EU NGDOs can relay information on EU trade policy back to network partners or, indeed, governments in these countries, and help to shape counterpart coherence in this manner.

⁷⁰ WWF, *Civil Society and Trade Diplomacy in the Global Era*

⁷¹ Corporate European Observatory, *Urgent need for EU transparency in trade talks on services*

At the Cancun Ministerial, there was a strong NGO presence and three of the NGDOs, Aprodev, CIDSE and Oxfam also took part.

Resources:

None of the NGDOs receive financing from the European Community budget unless it is for a specific project proposed by them and approved of by the Commission. CONCORD receives some funding in its role as principle coordinator of NGDO activities in the EU, but these funds are to be reduced over time. Project funding is very difficult to come by due to the vast number of civil society groups jostling for finances. Projects proposals are subject to much competition, and funding generally goes towards overseas development projects where NGDOs are concerned. It is therefore up to each organisation to raise its own advocacy budget. While some organisations might find funding difficult to find for these activities, one positive aspect of the situation is that that their rhetoric can remain independent from that of the EU.

According to Justin Greenwood, the funding of NGOs, which are part of global development networks, is likely to be a lot more substantial than other independent civil society organisations based in Brussels. Christian denominational charities, in particular are usually relatively well resourced compared to other groups.⁷² Indeed, when quizzed about the budget available to his organisation for lobbying activities, Guillaume Légaut, CIDSE's trade policy officer, said that the advocacy budget at his disposal was "very satisfactory", but was not eager to disclose what sort of figures were available to him. APRODEV declared its members joint income at an average of 720 million Euros per annum, but it was not possible to gather any more information regarding its advocacy budget. Confirming Justin Greenwood's assessment, Aprodev gives credit to its members and to the support of millions of European citizens for its financial weight.

The representatives from the two other organisations were also reluctant to disclose exact figures regarding their resources when interviewed, but did provide useful

⁷² Justin Greenwood, *Interest Representation in the European Union*, p. 178

indications on the sort of potential their resources provided them with. Luis Morago, at Oxfam International stated that, as far as he knew, Oxfam had the largest advocacy budget of all the NGDOs campaigning in Brussels. Nevertheless, he insisted that the funding available to them for advocacy in Brussels was less than sufficient, which suggests Oxfam's advocacy projects are more ambitious than CIDSE's at least. When Oxfam's high level of visibility was commented on, Morago maintained that this was not down to a large budget, but rather down to strong relations with the media and a well-established reputation, whilst emphasising that the bulk of the organisation's budget is invested in its fieldwork projects.

WIDE's connections are a little less lucrative than those of the church organisations and that of Oxfam. The organisation relies primarily on funding from national women's organisations and national development ministries in Europe. Therefore, it is highly unlikely that it disposes of anywhere near the same sort of advocacy budget as the other three organisations. Benedicta Alleart of WIDE commented that "we hardly have a budget for this kind of work", when asked whether she felt the resources available for WIDE's advocacy programmes were sufficient.

Institutional Environment:

The Doha agenda represented an area of 'mixed competencies', meaning that involves some issues, which lie outside the competencies of Article 133. The mandate for the Cancun negotiations would have involved many delicate compromises between the EU and its member states

After the examination of trade policy processes in chapter one, it was clear that the most important targets for lobbying groups under discussion are the Commission and Council. However, it is not explicit who takes the lead in decision-making at the core of these institutions and, as we shall see, European NGOs have also expressed their grievances regarding this issue. In 2003, just after the Cancun Ministerial conference, The WWF, produced a comprehensive analysis on who possesses the real influence in trade

negotiations in the EU. In its view, when WTO negotiations are under examination, it is generally members of the Article 133 Committee, and not national trade ministers (who tend to lack technical expertise), which decide on the EU's agenda. However, the study maintains that Commission holds exceptional influence over this committee, quoting one Article 133 member as saying that the committee is "the one committee where a very vocal and active Commission has a lead role, not governments"⁷³. At committee meetings it is generally DG Trade, which steers the agenda and has the greatest influence on decisions taken. The report also expressed the view that, although there is an inter-service consultation process within the Commission for ten days after a proposal is launched, the period of consultation is far too short for some DGs to make suggestions, which adequately represent their prerogatives.

Adding to the complicated decision-making process is its opacity and a lack of accountability if assessments on the part of the NGDOs are accurate. Aprovev maintained that during Cancun "EU member states frequently had no up to date and detailed information of what the European Commission was up to"⁷⁴, which implies that the Article 133 mandate may not necessarily have governed the Commission's negotiating policy. Also the Article 133 Committee's agenda and lists of participants at its meetings are never publicised.

In 2003 WIDE, CIDSE and APRODEV issued a joint statement with several other NGOs with regard to the problems of non-transparency and undemocratic decision-making on trade issues. The organisations asked that the European Parliament's involvement in trade policy decision-making were increased in that it should be consulted on negotiating mandates and proposals and informed on negotiation progress. They asked that DG trade seek adequate contributions from other Directorates-General so that all possible aspects sustainable development goals were fulfilled in EU trade policy. Council Working Groups on Development should be formally consulted on EU trade policy. As regards the Article 133 Committee, they asked that its agendas, including the

⁷³ WWF, *Civil Society and Trade Diplomacy in the Global Era*, p.9

⁷⁴ Aprovev, *Follow-up reflections on Cancun*, p4

list of participants in its meeting, were publicised. Also, referring to a demand by the European Parliament, they ask that MEPs may participate in Article 133 meetings.⁷⁵

Clearly, in the initial stage of the policy cycle it is necessary for NGDOs to attempt to keep abreast of developments within the Commission. They are sometimes privy to certain information, not provided to the public, which can help them attempt to define lobby preferences with regard to new proposals. In terms of the Doha Agenda, the mandate was already defined and so the organisations could define their maximum preferences on certain issues from the outset. However, the progress of the Article 133 was opaque and hence difficult to comment on, resulting in problems for NGDOs to provide satisfactory input into the policy process. Hence, it was essential that the Brussels-based organisations coordinated closely with their national counterparts in order to target national trade officials sufficiently.

3.2 NGO preferences and the Cancun Ministerial:

The Doha mandate to be negotiated at Cancun focused primarily on trade in agriculture and other goods, trade in services, access by developing countries to medicines, protection of indications of geographical origin, strengthening or clarifying WTO rules and the placement of the “new issues” on the mandate for the next Ministerial conference. The Doha round was originally to be concluded by January 2005, but remains ongoing, set back by yet another collapse in WTO negotiations in Cancun, Mexico, in 2003.

We will now examine the Doha mandate as well as the NGDOs’ position on the issues, which were of most significance to developing countries. We shall then examine the EU’s policy positions related to these issues in order to detect whether NGDO preferences. Despite the failure of the negotiations, the EU’s starting position can be

⁷⁵ Joint Statement by member of European civil society, *Transparency in European trade policy-making*, December 2003

gauged to a large extent upon examination of position papers submitted prior to Cancun, as well as from the draft agreements at Cancun. However, we must take into account the negotiating tactics relative to the Union's maximum and minimum preferences would have been employed. The EU would have used bargaining mechanisms in order to provide for trade-offs on the issues, which were most important to it. The collapse in negotiations unfortunately prevents us from fully understanding how far the Union would have been prepared to go to ensure its most important preferences were represented in the final agreement.

Agriculture:

The Doha mandate established a framework for negotiations on the «substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies and substantial reductions in trade-distorting domestic support...special and differential treatment for developing countries...to enable developing countries to effectively take account of their development needs, including food security rural development...non-trade concerns will be taken into account in the negotiations». Also included was the “objective of duty-free, quota-free market access for products originating from LDCs »⁷⁶.

For most developing countries, access to the EU and the US's highly protected agricultural sectors was their main priority in the Doha round. All developing countries wished for improved market access and the reduction, or complete elimination of agricultural subsidies. On average the EU had spent a massive 40 billion euros on subsidies each year in the run-up to Cancun. 'Food Security'⁷⁷ was also of major concern to developing countries. At Doha, 'development box', alongside the other three boxes (which classify the permitted use of subsidies, according to which extent they distort

⁷⁶ *Doha Ministerial Declaration, Article 13*

⁷⁷ Note:

According to the Food and Agricultural Organisation's criteria: “Food security exists when all people, at all times, have access to sufficient, safe and nutritious food to meet their dietary needs for an active and healthy life” –Correspondingly trade policies according must be “conducive to fostering food security for all through a fair and market-oriented world trade system” <http://www.fao.org/spfs/>

trade) was proposed to give developing countries flexibility on imports and permission to use some forms of subsidies in order to protect their markets and ensure they had secure access to food.

In a report entitled 'Europe's Double Standards', which was published in 2002, Oxfam criticised the unjustifiable level of subsidies employed in the EU agricultural regime and called for a reform of this regime. It also criticised the subsequent dumping (the export of goods to foreign markets, which are sold for prices below that of their production costs) of these subsidised products on developing markets, claiming that dumping had ruinous effects on developing markets. It outlined that the EU sugar regime was especially corrupt. Oxfam claimed this regime was depressing world market prices, and undercutting developing country access to valuable third markets, through the heavy subsidisation and subsequent dumping of EU-produced sugar. Extremely high tariffs (125 percent on sugar imports) were also blocking developing country exporters to the EU market. Similar problems were highlighted with regard to the EU dairy regime, which is also heavily subsidised and exports to the EU in this sector are also subject to high tariffs⁷⁸. Oxfam called for a phasing out of both export subsidies and dumping mechanisms in the EU.

Controversially, the report claimed the EU signalling post-Doha to allow developing countries to use subsidies, was a cynical move (whether or not the subsidies would have improved development possibilities is another matter) as the EU merely wanted to retain its own subsidies⁷⁹. APRODEV also encouraged the EU to phase out its subsidies, insisting that the "Peace Clause" (a market-protection mechanism, employed extensively by both the EU and the US to protect their market-distorting measures, whereby countries pledged not to file formal WTO complaints over the dumping of farm products, as long as each country stuck to its own farm-trade commitments) should not be extended beyond 2003, when it was to become invalid⁸⁰.

⁷⁸ Oxfam International, *Europe's Double Standards*, p. 9

⁷⁹ Oxfam International, *Europe's Double Standards*, p. 9

⁸⁰ APRODEV, *Trade for People, not people for trade*

CIDSE saw the agricultural debate as a “litmus test” for the credibility of the Doha negotiations and asked that the EU end the dumping of subsidised food products on developing countries. It advocated that agricultural subsidies be reduced and that the money saved be used for support measures, promoting food security and sustainable rural development in developing countries. If northern subsidies are to remain in place, CIDSE advocates that developing countries should be allowed to employ quantitative restrictions on imports in order to protect their borders. The minimum, which should be enforced, is the removal of food-security crops from tariff reduction commitments.⁸¹

WIDE also stressed the food security aspect of the agricultural debated, but took a more radical stance and stated that it might be best to remove agricultural issues entirely from the development agenda, stating that “agricultural liberalisation leads to the intensification of its commercialism, to competition for land and to the displacement of local farmers and workers, the majority of which are women”⁸²

In the run-up to Cancun, the EU proved to be incapable of agreeing with its trading partners over which modalities could be used for trade discussions on agriculture. The main issue at stake was the EU’s incapacity to agree on substantial CAP reforms. The reforms would have to take place on the basis of unanimity and a number of countries (France, in particular, followed by Ireland, Spain and Portugal) were refusing to agree to substantial reductions in EU subsidies. The agricultural lobby clearly held much influence in these countries and, as the EU member states provided additional farm subsidies outside of the CAP scheme, they were going to be held highly accountable by their farmers for any changes in the CAP. Eventually in August 2003, the EU agreed on a watered-down CAP reform policy, tied in with a joint framework on agriculture with the United States, which reduced subsidies by around 75 percent, separating farm subsidies from production. According to WIDE, the draft on agriculture produced at Cancun was “mainly based on the EU/US proposal with some weak allowances to developing countries, often tied to conditions”⁸³. In the meantime, Franz Fischler, the EU commissioner for agriculture, rural development and fisheries claimed that the EU had

⁸¹ CIDSE, *Global Trade at the Service of Human Development*, p.1

⁸² WIDE, *The Fourth Ministerial Conference of the WTO in Doha-and Gender ?*,p.2

⁸³ WIDE, *Digging for Gold in the Snakepit*,p.5

“made a major move on exports subsidies”, claiming developing countries should be extremely satisfied with the offer. 84

However, the EU’s proposals on agriculture were not well received by many developing countries and were essentially what led to the compounding of the G21 (a group of the most advanced developing countries, led by Brazil and India) coalition. Along with the US, it refused to move beyond this paper at Cancun and did not show enough support to developing countries’ food security and safeguard mechanism demands, according to CIDSE. During the negotiations, the G21 had called for the total elimination of all EU subsidies, including the removal of the Green Box for non-distorting trade subsidies, whereas the EU offered the elimination of subsidies “of interest to developing countries”, as Pascal Lamy put it in Cancun. The EU also demanded that the ‘Peace Clause’ be extended, implying that it intended to continue using trade distorting measures in some form or another.

The reluctance of the EU to eliminate all agricultural subsidies, and its demand for an extension of the ‘Peace Clause’ signalled that it was difficult to strike a fine balance between EU farmers and EU decision-makers. In an article produced just after the collapse of the Cancun talks, the Economist deduced that the EU’s position at the Ministerial was severely restricted by the “cumbersome decision-making process” as well as “its desire to mollycoddle its own farmers”⁸⁵.

Though the EU did offer to cut subsidies, these cuts obviously did not fulfil the demands of some developing countries sufficiently. In addition, it has since been shown in a 2005 World Bank study that the 2003 CAP reforms still provided subsidy incentives which encouraged EU farmers to increase production⁸⁶, meaning that the EU had conceded even less than it would have liked the developing countries believe.

⁸⁴ Franz Fischler, Speech at Opening Press Conference, Cancun 09/09/2003

⁸⁵ The Economist, *The WTO under Fire*, 18/09/2003

⁸⁶ Oliver Brown, *EU Trade Policy and Conflict*, p.5

Though the NGDOs were dissatisfied with the reluctance of the EU to move on subsidies, civil society groups did make an impact on agriculture talks at Cancun. Oxfam international was particularly prominent. An Economist article published after the Ministerial talks noted (albeit in critical overtones) that a group of four West-African countries – Benin, Burkina Faso, Chad and Mali were “prodded and encouraged by non-governmental organisations, especially Oxfam...to get cotton included as an explicit item on the Cancun agenda”⁸⁷, Unfortunately the resulting provisions in the draft were less than promising for the developing countries, whose cotton-farmers livelihoods were being threatened by foreign subsidies. The Economist went so far as to pin some of the blame for the collapsed negotiations on NGO interference, claiming that the exaggerated demands and subsequent disappointment of the African delegations regarding the Cotton draft added to the bitterness of the developing countries and made negotiations even more difficult.⁸⁸

Market Access:

The Doha mandate stated that “by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including the reduction of elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries”⁸⁹ By 2005, members were to have reached a consensus on the extent to which tariffs on industrial goods was to be reduced. Many developing countries were highly reluctant to reduce their industrial tariff barriers any further, fearing increased competition might wreck their markets. Sheila Page of the Overseas Development Institute claims that the tariff cuts requested by the EU after Doha did not favour developing countries in any way, because the levels of tariff reductions required of them did not correspond to the levels of development of these countries⁹⁰. Also the draft ministerial text at Cancun would have allowed Northern countries to lower their tariff barriers at much lower rates than developing countries required, according to WIDE.

⁸⁷ The Economist, *The WTO under Fire*, 18/09/2003

⁸⁸ The Economist, *The WTO under Fire*, 18/09/2003

⁸⁹ *Doha Mandate, Article 16*

⁹⁰ Sheila Page, *The Doha Development Agenda Impacts on Trade and Poverty*, p.3

The NGDO claimed that “the demands and fears from the South had also in this context, been completely neglected.”⁹¹

In an address to the Bavarian Industrial Association in January 2004, was quoted in saying that “services and market access... (were)... absolutely crucial for the EU and its industry” and that it would “continue to make intense efforts to ensure an ambitious outcome in line with the interests of the EU”⁹². We can clearly establish here that the EU was been held particularly accountable to its enterprises and did not have a realistic vision of the requirements of the developing countries, in the opinion of development experts. Post Cancun, Pascal Lamy explained that much of the disagreements between the developing countries and the EU in Cancun revolved around their inflexibility on non-agricultural market access.

Services

There was no specific mandate on a multilateral agreement in services established at Doha. The system, in place since Uruguay, consists of a scheme whereby each particular country requests certain trading partners to open up specific sectors in four different areas⁹³. Once a sector is opened, MFN status on exports into this country’s sector applies to all WTO members. There was much reticence amongst developing countries to open their service markets any further, whilst for the EU, as the worlds biggest service exporter, with revenue from services accounting for two thirds of it GDP, Cancun was to provide a valuable opportunity to liberalise this sector as far as possible. Therefore, GATS proved to be a particularly sensitive topic among the NGO community.

Oxfam asked that the EU refrain from pressuring developing countries to liberalise services other than in accordance with their own development objectives⁹⁴. It stressed

⁹¹ WIDE, *Digging for Gold in the Snake Pit*, p.9

⁹² Pascal Lamy, Speech to the Bavarian Industry Association, January 2004

⁹³Note :

The four different modes of trade in services listed by GATS are cross-border supply, consulting of services abroad, business activities abroad and temporary job migration.

⁹⁴ Oxfam, *Europe’s Double Standards*, p.2

that agreements must respond to the needs of developing countries and must not entail a “one size fits all” approach.⁹⁵ Special provisions needed to be made for developing countries, in order that they protect their indigenous service industries. It predicted a risk that the EU would use agriculture as a bargaining tool, allowing increased access to its agricultural market, in return for free entry to developing countries’ service sectors.

WIDE emphasised that services are mostly a woman’s domain all over the world. It was against GATS entirely, as it transforms public welfare services into a commodities - GATS “is not geared towards guaranteeing access to public goods as an entitlement” and its MFN clause causes a “deterioration in public services - GATS is torpedoing the principle of solidarity and the welfare state”⁹⁶. According to WIDE, women are the first to suffer from cuts in public funds and the corresponding deterioration of public services. Also, increased competition leads to lay-offs, informal employment and low-paid labour. Women are hit first in developing countries, as a result provided with “fewer jobs and sufficient social guarantees and legal protection creating a secure livelihood”⁹⁷. WIDE is also dubious as regards to how much growth can result in trade in services as “trade in services – with the exception of tourism – is nearly exclusively in the hands of industrialised nations”⁹⁸

As already mentioned, the leaked GATS document in 2001 had been of great cause for unrest among many NGOs in Europe, who felt their concerns were not being listened to. However the NGDO’s preferences were catered for to a certain extent by EU policy prior to Cancun, when EU had established an offer ruling out negotiations on key sectors health, public services and education in an effort to accommodate developing countries’ requirements.

⁹⁵ Oxfam, *Europe’s Double Standards*, p.6

⁹⁶ WIDE, *Many Good Reason for Women to be against GATS*, p.2

⁹⁷ WIDE, *Many Good Reasons for Women to be against GATS*, p.2

⁹⁸ WIDE, *Many Good Reasons for Women to be against GATS*, p.3

The 'New Issues'

These are also known as the 'Singapore Issues', since the four areas of investment, competition, government procurement rules and trade facilitation were first raised (by the EU) at the Singapore Ministerial Conference in 1996. The incorporation of investment rules was advocated, in order to prevent trade-distorting regulations on foreign investments on the part of national governments, whilst competition law would prevent the creation of trade distorting cartels or abuse of dominant positions, which could hinder access to certain markets. Government procurement rules were intended to provide for transparency on procurement to prevent corruption. Lastly, trade facilitation rules, which had been included in the WTO framework since Uruguay, were to be refined in order to focus on the simplification and transparency of the cross-boarder transport of goods. The New Issues proved to be highly controversial at Cancun and, along with agricultural disputes, deadlocked negotiations pertaining to these subjects are generally blamed for the collapse of the Cancun Ministerial. It is important to note that at Cancun, the agreement to be reached on these issues concerned only the modalities for further negotiation on these topics, meaning that consensus had to be reached only on a framework for possible future agreements.

It was the EU who tried to push these items onto the Doha mandate, whilst most developing countries regarded these issues as unnecessary additions to an already burgeoning list of topics up for negotiation. The first three were also perceived as potentially damaging to their development strategies.⁹⁹ The G90 coalition of the African Union countries, the LDCs and the ACP group, essentially the WTO's poorest members, was the most militant group campaigning to keep the issues off the agenda since Doha.

The issues were of a highly complex nature and, according to Oxfam, would only serve to over-burden developing countries, many of which, due to a lack of technical knowledge and experience, were already struggling to come to grips with the other issues up for discussion. Oxfam scorned the EU's incessant pushing of these negotiations and demanded that the issues be dropped, maintaining that no other developed countries

⁹⁹ Sheila Page, *The Doha Development Agenda Impacts on Trade and Poverty*, p.3

supported the “new issues” anywhere near as avidly as the European Union. CIDSE also asked that all the new issues be removed from the agenda.

Investment was by far the most controversial issue at stake. An attempt to establish a Multilateral Agreement on Investment (the MAI) failed in 1998, but the EU decided the agreement was still worth pursuing after this. Those opposed to it claimed it would hinder the national development policies and the environmental progress of developing countries. Oxfam’s principle argument against a new deal on investment was that “it would increase the power of the WTO by extending its remit to many economic, social and environmental decisions”.¹⁰⁰ It claimed there was a disproportionate emphasis on investor’s rights, which would prevent developing countries regulating their markets to protect national development interests. Also, Oxfam were against the Most Favoured Nation treatment’s application to investment, as governments would have to ensure the right of foreign parties to invest in any sector they wanted to. This is of particular significance with regard to the extractive sector, where over-exploitation of natural resources could lead to “boom and bust” cycles of development – a highly undesirable effect. Also MFN treatment would mean that a government could not nurture native industries, by the means of tax breaks or interest-free loans, without offering the same opportunities to foreign investors. Governments would thus lose control over important utilities to meet public goals, as well as the ability to encourage the development of local business, local skills, production capacity and markets. Finally, a ban on performance requirements was intended, meaning that foreign investors would no longer be obliged to foster aspects of development (such as local reinvestment or technology transfer) in the country they invest in.¹⁰¹

WIDE’s official view was that the “WTO is not the right framework for a multilateral investment agreement”, but that “investment must be encouraged and supported in areas that are important to women”.¹⁰² It stressed the need for an international framework to monitor investment in order to ensure their compliance with sustainable employment, just working conditions and women’s economic and social human rights. WIDE also

¹⁰⁰ Oxfam International, *The Danger of an Investment Agreement under the WTO*, p.5

¹⁰¹ Oxfam International, *The Danger of an Investment Agreement under the WTO*, p.5

¹⁰² WIDE, *The Fourth Ministerial Conference of the WTO in Doha – and Gender* ?p.3

underlined the problem of the social-dumping which can result in poor working conditions, most notably for women, in export-processing zones and in industrial zones of developing countries attracting FDI – “in these zones women are often subjected to dangerous working conditions, physical and sexual harassment, casual labour and low wages” .¹⁰³

Meanwhile, CIDSE pointed out that an investment agreement would not necessarily lead to more foreign investment, merely adding to the “patchwork quilt of over 2,000 bilateral investment treaties” ¹⁰⁴, whilst also emphasised the imbalance between obligations enforced on home countries and investors.

In relation to competition rules, Oxfam made the same objections as it did for investment - that competition rules would also have undesirable, far-reaching effects on domains such as areas of social and environmental regulation. Also, it claimed that if such an agreement took place, rich countries would most likely focus on increasing private sector competition with foreign state companies or services, rather than establishing a global-antitrust agreement which could curb the influence of giant transnationals.¹⁰⁵

The EU and other proponents of the government procurement agreement wanted to establish a non-discriminatory clause for government procurement decisions. Oxfam expressed concern that the issue of government procurement rules was brought to the fore by the EU, not in order to gain efficiency and to control corruption, but rather to stop countries from using their purchasing power to favour national companies, hindering an essential strategy for economic development.¹⁰⁶

Despite incessant calls for the ‘New Issues’ to be removed from the agenda at Cancun, the EU stood by its initial proposals, declaring a deadlock on its position, Later on in the negotiations, the EU finally offered to drop both investment and competition from the

¹⁰³ WIDE, *The Fourth Ministerial Conference of the WTO in Doha – and Gender* ?p.3

¹⁰⁴ CIDSE, *Global Trade at the Service of Human Development*, p.2

¹⁰⁵ Oxfam, *Europe’s Double Standards*, p.9

¹⁰⁶ Oxfam, *Europe’s Double Standards*, p.9

agenda, but both the African group and the LDCs believed negotiations on all issues should be dropped¹⁰⁷. It was only at the last minute at Cancun, in response to fierce resistance on the part of the G90 and its loss of support on the part of the US that the EU withdrew its deadlock position. However, it was at this moment that the negotiations were called to a halt by the conference chairperson, as developing countries threatened to walk out of the talks.

The NGDOs often asserted that the Singapore Issues were pushed onto the EU's agenda by large multinationals, but there is reason to believe this was not the case. 'The Economist' commented that "Europe's ideological attachment to negotiations on competition is hard to fathom, particularly since no European industries were clamouring for them"¹⁰⁸ and in a different article implied that it was really the Commission who was pushing the agenda "The main proponents of the Singapore issues are the EU, already accustomed to supranational rules on competition and government procurement, and Japan. But even among the EU's members, opinion is divided, and few companies are throwing their weight behind the EU's stance"¹⁰⁹.

Trips:

The Doha Mandate calls for a review of the entire TRIPS agreement. The most controversial questions, with respect to development issues, pertained to production and trade in generic pharmaceutical products and the patenting of life-forms and of traditional knowledge. The proposed review of the TRIPS article 27.3, which deals with the patentability of biotechnological inventions and the protection of plant varieties, was mandated in the Doha declaration. The subject has important relevance to ethical and development issues in agriculture

The Doha mandate set out guidelines for the importation or the production of cheap generic new drugs by developing countries, stating that a solution should be found «in a

¹⁰⁷ Commission DG Trade, *The Doha Development Agenda after Cancun*, p.5

¹⁰⁸ The Economist, *WTO under Fire*, 18/09/2003

¹⁰⁹ The Economist, *World Trade*, 17/09/2003

manner supportive of public health, by promoting both access to existing medicines and research and development into new medicines and, in this connection, are adopting a separate declaration »¹¹⁰.

A binding agreement was reached prior to the Cancun talks on this subject, which allows LDCs produce generic drugs if there is a threat to public health in their country until 2016. They are also entitled to import generics, which they are incapable of producing. Other developing countries may import generics, only if they can prove they lack the capacity to produce.¹¹¹ Oxfam called this deal “a diluted and restricted solution », maintaining that its impact was a superficial arrangement, wrapped up in so much red-tape that it would be difficult for developing countries and generic manufacturers to use. WTO rules, already in existence, would actually prevent the export of many generic drugs, even if the developing countries have the right to import them. It did give the EU some credit in terms of flexibility on the issue in comparison to the US, who was largely influenced by its pharmaceutical industry.¹¹²

Regarding the second issue, After Doha, the African Group of developing countries questioned Article 27.3 TRIPS. It proposed a clarification that plants, animals and micro organisms should not be patentable, primarily for ethical reasons and due to the fact that farmers’ access to seeds would be restricted since the patent would restrict rights to save, reuse and sell seeds.

Both CIDSE and APRODEV supported this position, expressing their concerns that TRIPS, and in particular the article 27.3, which covers the patentability of life-forms, are unethical, in addition to being out of line with the sustainability requirements of developing economies.¹¹³ Adhering to Christian ethical teachings, they believe that naturally occurring life forms should be excluded from patenting. From a development point of view, they point out that farmers’ seed security was at risk. They urged the EU to encourage a review of Article 27.3, taking into account the criteria mentioned above.

¹¹⁰ *Doha Mandate, Article 17*

¹¹¹ Sheila Page, *The Doha Development Agenda Impacts on Trade and Poverty*, p.3

¹¹² Oxfam, *Running into the Sand*, p.21

¹¹³ CIDSE and APRODEV, *Letter to Pascal Lamy on the TRIPS agreement and the patent on seeds*

However, as this Article pertained mainly to an ethical stance, there was no move to change it on the part of the EU. In a communication to the WTO, the only one sent from the EU regarding this topic, the Commission stated that “The European Communities and their member States (hereafter "the EC") see no reason to amend Article 27.3(b) as it now stands. The TRIPS Agreement allows Members sufficient flexibility to modulate patent protection as a function of their needs, interests or ethical standards” .The letter stated that ethically “it is up to each country to strike the right balance, taking into account economic, ethical and other concerns, without losing sight of the fact that granting intellectual property rights to biotech inventions is one of the key factors for developing domestic skills in this sector”. At Cancun there was no reference to Article 27.3 in this article.

Both areas of TRIPS, which were under fire from the development lobby, were areas mainly dominated by US interests. It is very likely that the EU went along with the US position in return for their support on the ‘Singapore Issues’, as neither area of TRIPS was of immense consequence to its interests.

WTO Reforms:

The Doha Ministerial declaration does not contain a mandate on institutional reforms, but a resolution is provided, which expressed the WTO’s members commitment to « making the WTO's operations more transparent, including through more effective and prompt dissemination of information, and to improve dialogue with the public ».¹¹⁴

All four NGDOs criticised the decision-making process at the EU very heavily and made demands for a more democratic decision-making procedure in the WTO, which would address the needs of developing countries adequately. CIDSE claimed that to do this, the participation of all developing country members should be ensured through methods of facilitation support provided by the WTO. It also demanded a new code of conduct, which would ensure transparency and democracy in the WTO decision-making process.¹¹⁵

¹¹⁴ Doha Ministerial Declaration, Article 10

¹¹⁵ CIDSE, *Global Trade at the Service of Human Development*, p.2

However, according to CIDSE, the draft agreement at Cancun did not reflect developing countries' concerns. "Green Room" meetings continued to take place, confirming the failure of developing countries and the development lobby to render the WTO more democratic. The undemocratic negotiating mechanisms clearly had a large part to play in the collapse of the Cancun talks. The EU had previously criticised the decision-making process at Seattle and after the Cancun, Pascal Lamy placed a large amount of the blame for the failure of the conference on the WTO structure, agreeing that the decision-making processes at the WTO were "medieval". However, this opinion was not pushed by the EU at Doha, where it could have been placed on the negotiating mandate and, as the EU is the largest contributor to the WTO budget¹¹⁶, it would not have been ill placed to do this.

The July Agreement:

In July 2004, after much consternation regarding the future of the WTO, compromises were reached to produce the 'July Framework Accord', which was set to put negotiations back on track. It was created to simplify negotiations at the WTO Hong Kong Summit, due to take place in 2005, settling the most controversial issues for once and for all. For starters, it was agreed that all 'New Issues', bar trade facilitation, would be dropped from discussions for the foreseeable future. The EU also agreed to entirely eliminate its export subsidies on agriculture (whilst retaining domestic support subsidies, as outlined by the CAP reforms of 2003), but did not stipulate a timeframe for this measure. After the agreement took place, Oxfam called for the EU to take strong leadership on this issue at Hong Kong, providing a precise timeframe with which to remove export subsidies as soon as possible. It also said that developing countries had to pay a large price for these concessions, pointing to the NAMA framework agreement "which could potentially lead to further de-industrialisation, unemployment, and poverty by opening vulnerable, nascent industries to world competition".¹¹⁷ Oxfam claimed that enormous political

¹¹⁶ Note : approximately 40 percent of the WTO budget is funded by EU member states

¹¹⁷ Oxfam International, *Arrested Development?*p.5

pressure had been place on developing countries to reform accept the NAMA framework agreement, which they had clearly rejected in Cancun.

We can see that the EU made a substantial move on agriculture and the 'New Issues' in order to allow the Doha round to continue. However, it is clear that substantial gains could be made on its part in one of the areas that count most for it - market access for industrial goods. Since the July Accords, civil society groups have once again stepped up their efforts to raise awareness on development issues within the EU. But the choices made by the EU in its regional and multilateral relations with developing countries are usually products of economic and political interests within the EU. This is not something that is going to change and it is highly unlikely that impact of NGDOs will be felt on these issues until the EU renders its decision-making processes democratically accountable and more transparent.

3.3 The impact of NGDOs at Cancun:

We can speculate on a variety of factors that shaped the EU's position at the Cancun talks. It was certainly clear that, although the Commission may have been keen to move on agricultural issues, it was severely restricted by member state interests. On the 'new issues' it could be assumed that the corporate lobby was behind the aggressive push by the EU for their inclusion on the agenda, though the Economist's analysis maintains that this was really down to an over-zealous Commission's bureaucratic ambitions. The European Union's desire to push these issues also might have explained its inflexibility on the TRIPS agenda concerning the demands of developing countries, where it was primarily US interests that dominated its policy. The only area, where we see a substantial compliance with the interest of the NGDOs is in the services area. All in all, it seems clear enough that the interests of this civil society group were not represented strongly on the part of the EU at Cancun.

However, we can see that civil society did play a significant role at Cancun. The interaction of NGOs with delegations from developing countries in Cancun caused a substantial impact. The Economist blamed NGOs for radicalisation of poor-country delegations and claimed that “too many of them deluged poor countries with muddle-headed positions and incited them to refuse all compromise with the rich world. The NGO’s main mistake, however, was to raise poor countries’ expectations implausibly high”¹¹⁸. In a paper by Paulo Barthel Rosa, the Former Director of General Council Affairs at the WTO, the case of Cotton was mentioned once again. Like the Economist, Rosa also criticised the NGOs for providing developing countries with well-intentioned advice, “which fails to take into account the complexities and the processes of multilateral negotiations. The outcome is all too often a blockage of the negotiations, which serves no-one’s purposes”¹¹⁹. However, Barthel-Rosa did recognise the “on balance, it might be said that the contribution of NGOs to the debate on international economic and trade issues has been positive, but much remains to be done to improve the dialogue between them and governments, and the WTO”¹²⁰.

The Cancun round was an historic occasion for developing countries in the multilateral trading system. A new alliance, led by India and Brazil was built up to confront the developed world on agricultural issues, in what the Commission has since described as “the type of North-South confrontation that has at times characterised the UN system”¹²¹. Whether or not the demands of some of the G90’s members were exaggerated on certain issues, a new sense of confidence seemed to have taken hold. Oxfam seemed to have been highly visible at Cancun, and the organisation itself mentioned in a subsequent report that its research material had been widely used by southern delegates¹²². Whether NGO influence at the Cancun summit played a negative role or not, it cannot be denied that they their voice was heard, and

¹¹⁸ The Economist, *The WTO under Fire*, 18/09/2003

¹¹⁹ Paulo Barthel Rosa, ‘*Non-Governmental Organisations and the World Trade Organisation: The good side and the bad side*’, p.71

¹²⁰ Paulo Barthel Rosa, ‘*Non-Governmental Organisations and the World Trade Organisation: The good side and the bad side*’, p.72

¹²¹ Commission DG Trade, *The Doha Development Agenda after Cancun*, p.6

<http://www.ictsd.org/ministerial/cancun/docs/COMMISSION-Cancun-and-Beyond-Sept-03.pdf>

¹²² Oxfam, *Annual Report 2003*, p.1

that their presence served to bolster the confidence of southern delegates on several different issues.

Conclusion:

Having taken a brief look at fair trade lobbying by NGDOs in Brussels, we can conclude that the ability of these organisations to influence international trade rules, for the benefit of developing countries, relies on their capacity to perforate into policy-making cycles on a national, supranational and global level. Multilateral negotiations are perhaps the best arena for these organisations to focus on, as they can serve to strengthen (and in some cases, influence) the positions of large coalitions of southern delegates in this environment. Counter-part coherence in bilateral and regional agreements will, more often than not, be a lot weaker on the part of the trading powers with less political and economic weight.

On an EU level it is less simple to influence policy. As we have seen, in both the second and third chapters, the trade preferences of the European Union, with regard to developing countries, are largely shaped by the EU's security and economic concerns. There is very little room on the EU agenda for 'trade-philanthropy', as one might put it. Though it was the European Union, who pushed for a "development" round at Cancun, its preferences were characterised by interests, which were far-removed from those of the southern delegates. As Arun Jaitly, the Indian trade minister, put it during the Cancun negotiations: «we wonder now whether development here refers to only further the development of the developed countries»¹²³. Aside from the dominant paradigm of liberalism, which dominates all of the European Union's policies towards developing countries, when trying to shape trade policy, NGOs are faced with a highly undemocratic and opaque process of decision-making between the Commission and the Council. The lack of transparency in this system means that civil society groups cannot follow the policy-cycle fully and therefore may not be able to choose the correct target or the correct timing, when attempting to pursue its preferences. Justin Greenwood shares this idea, claiming much of the lobbying in the EU is of poor quality, because it takes place after initiatives have been launched in the Commission – "once an issue has left the Commission and enters other decision-taking arenas the chance of exerting influence is

¹²³ Third World Network, *Cancun News Update 5*

considerably reduced, and the interest is reduced to reactive ‘fire-fighting’, rather than seeking to shape the agenda before, or while, it still emerges¹²⁴. WIDE’s approach is particularly applicable to this scenario, as it repeatedly implied that issues like agriculture and services should be removed entirely from the Doha Agenda – highly unrealistic and reactive preference choices.

In the unlikely event that the Constitutional Treaty is eventually ratified, the Parliament will expand its competences in the area of trade, to share co-decision status with the Council. This would certainly be a welcome change for fair trade campaigners in Europe, as it would dramatically increase the transparency of the system and would render European institutions accountable to its citizens on trade policy issues.

We have seen that the four NGDOs were deeply unhappy about the quality of dialogue, which exists between them and the Commission. However, we must ask why this is. The relationship of these organisations to the European Union has no legal basis and fall into the larger category of ‘civil society’ in the eyes of the EU institutions. Civil society is not another definition for ‘lobby group’, but rather for refers to citizens of the European Union who wish to voice any form of opinion on EU policy¹²⁵. So what is the place of such non-governmental organisations in the EU? We have seen that the Commission has represented an interest in cooperation with NGDO groups, through its co-funding of CONCORD for example. However, as we have observed the difficulty of members of this group in terms of influencing at least one aspect of the EU’s policy agenda, we must also begin to question their *raison d’être* in the eyes of the Commission and other institutions.

As mentioned before, The Prodi Commission outlined six reasons for the existence of cooperation between interest groups and the Commission:

Firstly, it fosters participatory democracy, narrowing the Union’s democratic deficit. Secondly, NGOs are recognised as valuable information relays both to and from the

¹²⁴ Justin Greenwood, *Interest Representation in the European Union*, p.51

¹²⁵ Justin Greenwood, *Interest Representation in the European Union*, p.185

Commission. Thirdly they represent the views of specific groups of citizens to the EU institutions. Fourth they contribute to policy-making. Fifth, they contribute to project management and implementation, and sixth they contribute to European integration¹²⁶. Evidence gathered from this thesis suggests that the ability of NGOs to fill the void of a democratic deficit is ultimately a myth, at least where trade policy is concerned. Wolfgang Wessels defines the EU as a system of 'multi-level governance', claiming that the EU is open to the interests of a myriad of different groups, which must perforate the system on several levels in order to have an effect¹²⁷. However, with regard to trade-policy the system seems relatively closed. The inability of civil society groups to follow the process means that it does not have the ability to carry its influence through into different stages of the policy-cycle. Where NGDOs are concerned, their functions are valuable to the Commission in terms of information relays, their project-management potential and perhaps, most importantly, as contributors to the process of European integration – that the presence of these NGDOs in Brussels gives the *impression* of a form of participatory democracy, leading into a sort of spill-over situation, which in turn fosters European integration. Also, it is useful for the Commission to have relatively united networks of NGOs, such as the arrangement catered for by CONCORD, in order that it can avoid rendering itself accountable to the multitude of NGDOs throughout the continent.

If the role of these organisations in Brussels serves as a cosmetic exercise to convey the presence of democracy to the Europe's citizens, then each organisation must establish alternative channels to ensure that its preferences are transferred. Going by the sources we examined, Oxfam was the only one of the four organisations whose policy preferences appeared to have any evident impact on the Doha negotiations. It seems clear that its ability to achieve this rested on its strong relationship with NGOs and governments in developing countries, supported by a large degree of respect for the continuous effort it places on economic research. Also, one could say that Oxfam's preferences are somewhat more universal when it comes to the needs of developing countries. It tends not to focus on marginal issues like gender or bioethics as much as the other NGDOs studied. Developing countries have shown evident concern for their own

¹²⁶ Justin Greenwood, *Interest Representation in the European Union*, p.185

¹²⁷ Wolfgang Wessels, *Growth of Multi-Level Networks*, p.25

social development at multilateral trade talks, but it is true that certain issues, such as gender, have taken a backseat in these negotiations. WIDE's approach to trade issues is as valid as any other, but it is clear that it has had difficulties bringing these issues to the fore at EU level, at the WTO, and even within its own NGDO alliances. Its limited resources and connections with EU decision-makers and with the media, also serve as a severe hindrance to its progress on trade advocacy issues.

For the foreseeable future, it is unlikely that EU trade policy processes are going to undergo any major transformations and EU enlargement has meant that the system now has to cater for more diversified interests than ever. If NGOs want an increased impact on trade issues at EU level, they need to be able to raise their levels of coherence and increase their resources. Going on the predictive framework approach, Oxfam seems to be the 'winner' among these groups in terms of visibility and the strength of its connections with the European Union institutions. What sets it apart from the other three organisations is its commitment to research, as well as a strong media image. This seems to be the winning formula, as far as maximising opportunities for input into the policy cycle as it stands, but is unfortunately a weaker match for commercial and industrial groups and agribusiness in Europe. Development groups should continue to raise awareness on trade justice issues both on a national and supranational level in Europe, as their preferences do occasionally make an impact on policy. However, their main focus now should lie in their cooperation with developing countries, helping them take coherent standpoints on trade issues in the face of pressure from northern governments and to reap what benefits they can from the global economy.

Bibliography

Books:

Vinod K. Aggarwal and Edward A. Fogarty, *EU Trade Strategies* in Vinod K. Aggarwal and Edward A. Fogarty (Ed.), *EU Trade Strategies: between regionalism and globalism*, Palgrave Macmillan, Basingstoke, 2004

Ben Atkinson, *Trade Policy and Preferences* in Carol Cosgrove-Sacks (Ed.), *The European Union and Developing Countries: The Challenges of Globalisation*, College d'Europe Presse, 1999

Dominique Boquet, *Quelle Efficacité Economique pour Lomé: Redonner du sens qu partenariat entre l'Union européenne et les pays d'Afrique, des Caraïbes et du Pacifique, Rapport Officiel*, La Documentation Française, Paris, 1998

Europa von A-Z, *Taschenbuch der Europäischen Integration*, Bundeszentrale für Politische Bildung, Bonn, 2004

Matthias Busse, Harald Grossmann, *Assessing the Impact of ACP/EU Economic Partnership Agreements on West African Countries*, Hamburg Institute of International Economics, 2004

José Antonio Sequeira Carvalho, *Enjeux Géopolitiques et Nouvelles Approches pour la Coopération au Développement*, L'Harmattan, Paris, 2003.

Beverly Crawford, *Why the Euro-Med Partnership? European Union strategies in the Mediterranean Region* in Vinod K. Aggarwal and Edward A. Fogarty (Ed.), *EU Trade Strategies: between regionalism and globalism*, Palgrave Macmillan, Basingstoke, 2004

Christian Deblock and Sylvain F. Turcotte (Eds.) *Suivre les Etats Unis ou Prendre Une Autre Voie: diplomatie commerciale et dynamiques régionales au temps de la mondialisation*, Presse Bruylant, Bruxelles, 2003

Florence Galletti, *La Politique Européenne de Coopération pour le Développement Durable en Afrique de L'Ouest*, Presses Universitaires de Perpignan, Perpignan, 2000

Justin Greenwood, *Interest Representation in the European Union*, Palgrave Macmillan, Hampshire and New York, 2003

Daniel Jouanneau, *L'Organisation Mondiale du Commerce*, Presses Universitaires de France, Paris, 2003

Fereydoun A. Khavand, *Le Nouvel Ordre Commercial Mondial: du GATT à l'OMC*, Editions Nathan, Paris, 1995

F.Nowak-Lehmann D. and I. Martinez-Zarzosa, *Mercosur-EU trade: The impact of adverse macro-economic developments and trade barriers on MERCOSUR exports*, Ibero-America Institute for Economic Research, Goettingen, 2004

Neill Nugent, *The Government and Politics of the European Union*, Duke University Press, Durham, 1999

John Ravenhill, *Back to the Nest? Europe's Relations with the African Caribbean and Pacific Group of Countries* in Vinod K. Aggarwal and Edward A. Fogarty (Ed.), *EU Trade Strategies: between regionalism and globalism*, Palgrave Macmillan, Basingstoke, 2004

Paulo Barthel Rosa, 'Non-Governmental Organisations and the World Trade Organisation: The good side and the bad side',

Wolfgang Wessels, *The Growth and Differentiation of Multi-Level Networks: a Corporatist mega-Bureaucracy or an Open City*, in Helen Wallace and Alasdair Young (Eds.), *Participation and Policy-making in The European Union*, Clarendon Press, Oxford, 1997

Reports, Statements and Position Papers:

Aprodev, *Follow-up Reflections on Cancun*, Brussels, 2003

Aprodev, *2001 Review*, Brussels, 2002

Aprodev, *Strategic Plan 2001-2004*, Brussels, 2000

Aprodev, *Trade for People, not People for Trade*, Brussels, 2003

Oliver Brown, *EU Trade Policy and Conflict*, International Institute for Sustainable Development, Winnipeg, 2005

CONCORD, *Financial Annual Report 2004*, Brussels, 2004

Commission DG Development, *Consultation on the Future of EU Development Policy Issues Paper*, Brussels, 2005

Commission DG Trade, *The European Union's Generalised System of Preferences*, Brussels, 2004

European Commission DG Trade, The Doha Development Agenda after Cancun. See: <http://www.ictsd.org/ministerial/cancun/docs/COMMISSION-Cancun-and-Beyond-Sept 03.pdf>

Commission DG Press and Communication, *Making Globalisation Work for Everyone*, Brussels, 2004

CIDSE and Aprodev, *letter to Pascal Lamy on the TRIPS agreement and the patent on seeds*, 21/08/2003

CIDSE, *Global Trade at the Service of Human Development, a position paper on the occasion of the 5th WTO Ministerial Conference*, Brussels 2003

EFTA, *Fair Trade in Europe 2001: facts and figures on the Fair Trade sector in 18 European countries*, Brussels, 2001

Steve Grimm, *European Development Cooperation until 2010*, Overseas Development Institute, London 2004

Oxfam International, *Annual Report 2002*, Brussels 2002

Oxfam International, *Annual Report 2003*, Brussels 2003

Oxfam International, *Europe's Double Standards, Brussels: How the EU should reform its trade policies with the developing world*, Brussels, 2002

Oxfam International, *The Danger of an Investment Agreement under the WTO*, in Seattle to Brussels Network, *Investment and Competition Negotiations in the WTO, Whats wrong with it and what are the alternatives?*, Brussels 2002

Paulo Barthel Rosa, 'Non-Governmental Organisations and the World Trade Organisation: The good side and the bad side', in *Les ONG au Coeur de la Mondialisation*, Nouveaux Mondes, No. 14, CRES, Geneva

Sheila Page, *The Doha Development Agenda Impacts on Trade and Poverty*, Overseas Development Institute, London 2004

Seattle to Brussels Network, *Investment and Competition Negotiations in the WTO, Whats wrong with it and what are the alternatives?*, Brussels 2002

World Bank, *Integrating the Least Developed Countries into the World Trading System: the current impact of EU preferences under Everything But Arms* World Bank, Washington 2003

World Wide Fund, *A League of Gentlemen: who really runs EU trade-decision-making*, Brussels, 2003

World Wide Fund, *Civil Society and Trade Diplomacy in the "Global Era"*, Brussels, 2002

World Trade Organisation, *EU Trade Policy Review 2004*, Geneva, 2004

WIDE, *Digging for Gold in the Snake-Pit, Doomed Negotiations at the 5th WTO Ministerial Meeting in Cancun*, Brussels, 2003

WIDE, *Many Good Reasons for Women to be against GATS*, Brussels, 2002

WIDE, *The Fourth Ministerial Conference of the WTO in Doha – and Gender?*, December 2001

Articles:

Jeffrey Schott, *Reflections on the Doha Ministerial in Economic Perspectives*, volume 7, no.1, January 2002

The Economist, *the WTO Under Fire*;, 18 September 2003

The Economist, *World Trade*, 17 September 2003

Websites:

Aprodev

www.aprodev.org

Corporate European Observatory

www.ceo.org

Centre for International Development at Harvard University -

<http://www.cid.harvard.edu/cidtrade>

CIDSE

www.cidse.org

Oxfam International

www.oxfam.org

Third World Network

www.twinside.org

WIDE

www.eurosur.org/wide

Miscellaneous:

Franz Fischler, *speech at opening press conference of Cancun Ministerial Cancun* 09/09/2003

Pascal Lamy, *EU trade policies post Cancun – speech to Bavarian Industry Association*, Munich 14 January 2004

Doha Ministerial Declaration, Doha 2001: see www.wto.org

Third World Network, Cancun News Update 5, see www.twinside.org

Eryl McNally (MEP), *Speech at the International Conference After Cancun – where next for development*, 14 October 2003, Brussels

Interviews conducted with Benedicta Alleart of WIDE, Guillaume Légaut of CIDSE and Luis Morago of Oxfam International and Pancho Yermo of CONCORD in May 2005

Civil Society Letter to Pascal Lamy, Brussels, 28 May 2004

Joint statement by European civil society members, *Transparency in European policy-making*, Brussels, December 2003