

# Our Trade Justice Activities

Fairtrade brings tangible and invaluable benefits to producers all over the South. However, only a small percentage of the total number of farmers, craftspeople and workers who are dependent on trade receive those benefits because the Fairtrade market, although growing, is small. Most producers operate within a system of trade which is far from fair in that they cannot make a decent living from the price they obtain for their products. Fairtrade campaigners are therefore also involved in pressing for changes in this system.

## Aims of Trade Justice Campaigning

Our main aim is to address the problems which developing countries face in their trading relationships with the rest of the world, especially with the rich countries of the \*G7[i]. But we also look at other issues connected to world finance and their effects on developing countries.

To do this we obviously need to take a close interest in the way the rules and regulations for both trade and finance, which are largely drawn up by the rich countries, affect poorer countries. And when we find anything which has a really serious adverse impact we decide what action, if any, we can take.

*\*[i] The G7, Group of Seven is a forum, created by France in 1975, for governments of seven nations of the northern hemisphere: Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States; Russia was a member of the then G8 but was suspended in 2014. The European Union is represented within the G8, but cannot host or chair.*

## Trade Justice Topics

A trade justice topic which demonstrates the struggle which developing countries face in the area of global trade are the Economic Partnership Agreements [EPAs] between the EU and the African, Pacific and Caribbean [ACP] countries. The need for such agreements arose from the challenge made in the World Trade Organisation [WTO] to long established agreements between the EU and the ACP which has offered a degree of protection for the exports from the ACP countries, most of which were former European colonies. The agreements require trade liberalisation – the removal of tariffs – in return for continued entry for ACP goods into EU markets. There has been much criticism of the way these agreements have been pushed through

under threat of the total removal of protection and diminishing levels of aid. This approach has resulted in rushed deals, removing the opportunity for appropriate expert or public scrutiny as well as debate of the content either in ACP countries or Europe.

The deadline for agreements to be signed was October 2016. There has been some fudging of what precisely needed to be agreed by the deadline, so that it appears that the one country which is holding out is Tanzania, a member of the East African Community. The ratification process is ongoing with Kenya having ratified and Rwanda having signed. All the EAC members will discuss the signature of the EPA in the next EAC Summit to consider how to move ahead as a region.

## **Bananas and Sugar**

Two products of particular importance to some ACP members have been dealt with outside the EPA negotiations: bananas and sugar. Under pressure from the WTO, the EU has withdrawn protection for these two products. The Fairtrade Foundation has lobbied for protection for farmers suffering from the impact of these changes. We have supported these campaigns.

In 2015, the Fairtrade Foundation ran a campaign highlighting that 200,000 cane farmers in low income countries would be pushed further into poverty by the EU policy changes removing restrictions on production of locally-grown beet sugar in 2017. This has already had a substantial impact for cane sugar farmers in African, Caribbean and Pacific countries. In 2015 the price of sugar in the EU, at \$25 per kilo, was 30% lower than in 2006. By the beginning of 2017 the price had risen again only to fall by the summer to £32 per kilo. This volatility is particularly difficult for small farmers to manage.

Protection for bananas was withdrawn after an agreement reached in December 2009. The price of bananas fell and led to bitter banana price battles between the UK's biggest supermarkets. The Fairtrade Foundation launched a campaign, which we participated in, to tackle the impact of this 'banana war' on small farmers. This campaign is ongoing.

From September 2017 the restriction on EU beet sugar quotas will be lifted and EU firms can produce as much sugar from sugar beet for human consumption as they want. At the same time the EU will lift restrictions on isoglucose, a sugar replacement made from cereals and commonly used in the US for soft drinks. This will have a serious effect on sugar cane farmers who rely on exporting cane sugar to the EU.

## WTO: Doha Round

We have for some years been following the progress of the **Doha Round** of talks through the World Trade Organisation. These talks drag on without coming to any conclusion as the richer nations demand concessions from the developing countries, which in turn are refusing to yield. One reason for this is that the US in particular, but also the EU, feel threatened by the rise of China as a trading nation. Another hindrance is that changes to the rules of trade require the agreement of all WTO members.

There has been just one significant agreement and that was in 2013 on **trade facilitation**, which is designed to cut red tape and speeding up port clearances.

The Eleventh Ministerial Conference of the WTO (MC11) took place in December 2017 in Buenos Aires, Argentina. When planning the conference members put all their issues on the table but when it came to it divergences amongst them on the important issues were simply too wide to bridge: these issues were raised but with little time and far too little willingness to work toward a conclusion.

Ministerial Decisions were reached on just five issues but with limited scope and mainly the agreement was to keep talking! On Fisheries there was agreement to secure a deal on elimination of fisheries subsidies by the next ministerial in December 2019, and to continue work on the current text. There was agreement on e-commerce to continue with the work on ecommerce under the current work programme with a two-year extension of the moratorium on taxation of electronic transactions. There was agreement on small Economies to continue the work program.

On other major issues (Agriculture, Non Agricultural Market Access, Services, Development, Investment Facilitation and Small and Medium Enterprises) there were no outcomes nor agreed work programmes. There was no agreement even on a Ministerial Declaration.

The US opposed any mention of the Doha and argued there was no Development Round shared understanding of development. Many developed countries, especially the United States, supports a paradigm that asserts that the way to enhance development is that all countries abide by the same set of rules, on the same level and standard; and with very little or any differentiation. These countries argue that some countries see development

only as exemptions from rules and that it is incorrect to see rules as impediments to development.

Most developing countries support a paradigm that it is absolutely necessary and imperative that developing countries have an opportunity to industrialise, diversify and move up the value chain and not remain stuck as producers and exporters of primary commodities. This would mean that developing countries would have access to the very same tools that the developed countries used in their journey to become developed. Developing countries need a differentiated set of obligations, a differentiated set of rules that deals directly with the problems of development.

Different views on development arises in the context of the Special & Differential (S&D) treatment agenda in the WTO to address the constraints imposed by multilateral rules. The full scope of S&D in the various WTO Agreements includes differential rules and capacity building. There was no progress at the Conference to the agreement at the previous Ministerial Conference in 2015 to hold further talks on a new “special safeguard mechanism” that developing countries would be able to use to raise tariffs temporarily in order to protect domestic producers from sudden import surges or price depressions. Nor was there – as agreed at the previous Conference – a “permanent solution” to the problems that some developing countries face under WTO farm subsidy rules when buying food at government-set prices as part of their public stockholding programmes for food security purposes.

Although the Director-General of the WTO, Roberto Azevedo, insists that this is not the case, there seems to be widespread, if unofficial, agreement that the Doha Development Round, initiated in 2001, with its promise of a multilateral deal on trade measures for development has been abandoned and replaced by interstate treaties. A proposal for such a treaty between the US and the EU, has become the focus of attention for Trade Justice campaigners [see under TTIP].

## **Cotton at the WTO**

The issue of cotton has been on the agenda of the WTO since The Cotton Sub-Committee was **set up in November 2004** to focus on cotton in the Doha Round talks (see below) as a result of the decision earlier that year which stated that cotton would be addressed “ambitiously, expeditiously and specifically” within the agriculture negotiations. This commitment remains unfulfilled. Although the briefing note on the WTO website gives the impression of positive moves at Nairobi to assist these farmers, the

international Fair Trade Advocacy Office has published a report entitled **Power to West African Farmers** which identifies the weak position of the farmers. The report makes recommendations to West African Governments, the European Union Institutions and the G7 countries for actions which would empower them. Among these are that cotton-producing countries should consider launching a dispute settlement case at the WTO and, at the same time, try to find a political solution as the US found with Brazil. This solution made available reparations which could be used to promote measures towards the improvement of cotton supply chains, in particular to guarantee a living income for small cotton farmers and living wages for their workers.

In November 2016, the chair of the agricultural negotiations in the WTO , Ambassador Vangelis Vitalis of New Zealand, reported during the WTO's latest consultations on cotton welcomed "recent submissions" and "intense debates" among members, but said that "none of the new submissions enjoyed consensus so far". The Cotton-4 group of countries recognised that "The Nairobi Ministerial Conference marked an important step to arrive at a negotiated global solution for cotton," but they regretted the lack of progress so far, particularly on issues where no binding commitments were made in Nairobi in December 2015. Ambassador Vitalis claimed that for "the overwhelming majority of WTO members" an outcome on domestic subsidies for farmers at the Eleventh Ministerial Conference in December 2017 should include a decision on cotton.

## **The Transatlantic Trade and Investment Partnership**

### **(TTIP)**

TTIP [Transatlantic Trade and Investment Partnership.] This proposed treaty between the US and the EU was widely criticised for the threat it is reckoned to pose to EU food standards which are higher than those of the US, and for the investor-to-state dispute settlement [ISDS] clauses. It is argued that these clauses, which are already included in other trade treaties, make it possible for major corporations to block government policies with the support of secret arbitration tribunals operating outside the jurisdiction of domestic courts. For example, companies will be allowed to appeal against regulations or legislation that depress profits, resulting in fears that multinationals could stop governments reversing privatisations of parts of the health service.

## **Trade Justice after Brexit**

All the aspects of TTIP which are troubling are likely to be included in a Trade Treaty between the UK and the US after Brexit. Campaigners are calling for transparency and openness in trade agreements, a strengthened role for parliaments with opportunities for revisions before and after the conclusion of agreements, an expanded role for civil society organisations and the prevention of corporate capture of trade negotiations. <http://tjm.org.uk/trade-issues/developing-an-alternative-trading-system>

The UK won't automatically be able to keep its current WTO terms of membership on leaving the EU: the UK cannot simply 'cut and paste' the terms of its current membership (as part of the EU) and carry those terms over. Depending on the terms of Brexit, at least some of these schedules will need to be rewritten, because leaving the EU will affect the EU's own commitments to other WTO members. Agreeing the UK's new schedules will involve negotiations between the UK, the EU and other WTO members to resolve sensitive issue such as limits on agricultural subsidies and the size of tariff quotas (where certain quantities of imports are charged lower tariffs).

There will be questions about how existing EU-wide quotas – of which there are currently almost 100, mostly on agricultural products – are divided up between the UK and the EU post-Brexit. In theory this will allow the UK to take an independent and supportive position on tariffs with developing countries. Traidcraft have published a briefing paper putting forward a range of measures which the government could implement to mitigate the risks and maximise the opportunities of Brexit for trade with developing countries. This paper can be sent to MPs to awaken them to this possibility: <http://www.traidcraft.co.uk/media/63f90f7d-ec2a-4394-a604-b4cfef0e438f>

The Government has stated that the UK will continue its relationship with the Least Developed Countries which has been expressed in the Everything But Arms agreement giving LDCs duty free quota free access. The offer beyond that is vague.

It is likely that the UK will seek to transfer its existing agreements as a member of the EU – for example the Economic Partnerships – into its own law in the first instance and, at some future point, negotiate new trade arrangements with developing countries. It is unclear whether this is legally feasible or straightforward, or whether developing countries will accept this arrangement.

There is an opportunity after leaving the EU for the UK to ensure a better deal for developing countries in trade agreements by ensuring that such

agreements do not undermine developing country competitors, and that UK trade and investment policies are compatible with international commitments on the environment, climate change, human rights and the Sustainable Development Goals. The UK could try to ensure that trade treaties recognise developing countries needs, such as the boosting of regional trade and value-added production.

## **Campaigning**

As campaigners we can only play a very small part in these global issues. But do contribute when we can to the activities of NGOs such as Oxfam, Christian Aid and Global Justice Now which are all part of the Trade Justice Movement.

So how do we lobby? We write letters to ministers, MPs and MEPs, and sometimes to companies. We also take part in public protests at local and national level to bring the problems of developing countries to the attention of the press and to those who can influence negotiations.