

IMMEDIATELY HALT EFTA FTA NEGOTIATIONS
Statement of Concern from India
New Delhi, February 2009

We, belonging to trade unions, people's movements and civil society organisations express our opposition to the lack of transparency, public debate and democratic process surrounding the ongoing negotiations of the European Free Trade Association – India Free Trade Agreement (EFTA-India FTA). We are deeply concerned that this free trade framework will have adverse socio-economic and environmental impacts. As delegations gather for the third round of negotiations of the EFTA-India Summit in New Delhi this February, we call for a halt of the EFTA-India FTA negotiations until the following concerns are addressed.

Since the announcement of the start of negotiations in January 2008, two rounds of formal talks have taken place, during October 2008 and December 2008. Both rounds took place without any public access to the Indian Government's position, commissioned studies and negotiating texts. The Government is yet to share the details of these negotiations with the Indian Parliament and the people. The Commerce Ministry's consultations have been limited to corporate and commercial interests within India and have completely side-stepped those who are likely to be adversely affected by a legally binding treaty: farmers, workers, fisherfolk, hawkers, indigenous people, dalit communities.

While the 6th round of negotiations of the EU-India FTA has been postponed, the EFTA-India negotiations continue. Little public attention has been given to them, but they present concerns very similar to those raised by the India-EU FTA. The EFTA is composed of, Lichtenstein, Iceland, Norway and Switzerland, which is playing a leading role in the negotiation process, in collaboration with Norway. We know that Switzerland's strong interests rest in far reaching **Intellectual Property Rights (IPR)** provisions and liberalisation of services, particularly in the **financial sector**. Norway has strong interests in the fishing, energy and telecom sectors and wants to substantially increase its **investments** in these sectors through liberalisation of investments and the elimination of tariffs for fish products. Additionally, EFTA FTAs include provisions for liberalisation of **government procurement** and the promotion of **competition** laws. Liberalisation of **agriculture** is included under the complementary Agreements on Agriculture which is being negotiated between India and each individual EFTA State.

Switzerland demands IPR provisions that go beyond the TRIPS (Trade-Related Aspects of Intellectual Property Rights) agreement of the World Trade Organisation and forces countries to accede to controversial IPR treaties. India had designed the Plant Varieties Act with an effective system for the protection of farmers and their plant varieties. This Act would need to be amended if the FTA with EFTA is approved, which would reduce the policy space available within India. This would restrict the use of seeds for breeders and farmers, with negative implications for India's food sovereignty. In addition, it would impede the development of schemes to conserve biodiversity. In health, introduction of data exclusivity would delay the introduction of generic drugs even in the absence of patent protection. To ensure access to low cost quality generic essential medicine, developing countries have included public health safeguards in their patent laws. However, many multinational pharmaceutical companies, including Swiss company Novartis have been challenging these in courts. Provisions on IPR to be included in EFTA-India FTA are targeted towards removing and reducing these public health laws. Since India is a major exporter of generic drugs, this would have a negative effect for people in need of medicine around the world.

Switzerland demands opening up the financial sector. This would reduce India's flexibility to respond to the financial crises, like the one we are currently experiencing. Stiffer competition through further liberalisation of the banking sector will lead to smaller domestic banks being squeezed out of business. This is of significant concern as these banks give access to credit in rural areas. Big foreign banks are not eager to lend money to small and medium-sized enterprises, small traders, the informal

sector or farmers. They have a bias towards wealthy customers, which was recently well captured in a headline in the Swiss press: “Credit Suisse and UBS are after the rich Indians”.

As of spring 2007, The Norwegian Government Pension Fund - Global (previously the Government Petroleum Fund) was Europe's largest pension fund and the world's second largest, with a value of approximately USD 317 billion. The Government Pension Fund made its first investments in the Indian stock market in 2005, and at the end of 2006, the Fund had holdings in almost 60 Indian companies. Norway's expertise in shipping vessels makes India's growing shipping and marine products sectors very compelling to Norwegian companies. Norway has expertise in oil exploration and a major program in this sector is underway in India. The EFTA FTAs chapter on investment includes problematic provisions (national treatment, facilitation of payment and transfer) which increase the rights of foreign companies and shrink Government space for redistribution policies.

In previous FTAs, EFTA included provisions for opening up government procurement (nearly 13% of India's GDP) to its companies. This would seriously undermine India's policy space to support small and medium enterprises, marginalized constituencies and poorer states, by channeling government contracts through local firms in local regions through a variety of measures. This is of serious concern as government procurement remains an important tool to boost domestic production during economic recession. Other EFTA FTAs have stated that a competition policy should “promote competition in [FTA signatories] economies”. This would privilege EFTA-based multinational corporations in the Indian market. The European negotiators are arguing that many Indian policies are for “the prevention, restriction or distortion of competition”, are “anti-competitive” and have to be eliminated. This reduces the flexibility required for India to design laws and policies suitable for its economic priorities and development.

These are matters of great concern, especially considering that most of these provisions imply changes in Indian legislation. This agreement would leave India's people with high costs and no benefits. While the EFTA market is relatively insignificant for India, EFTA countries are seeking for reaching access and liberalisation of the Indian market. The consequences for India and its policy space would be adverse and deep.

THEREFORE WE DEMAND AN IMMEDIATE HALT OF EFTA-INDIA FTA NEGOTIATIONS UNTIL:

- **All existing negotiating positions, draft proposals and government commissioned studies are made public;**
- **All current proposals are debated and discussed in parliament and in public;**
- **The federal process of consultation with state governments is completed and a consensus is reached;**
- **Consultations are conducted with key constituents such as trade unions, farmers, women, dalit, adivasi and other peoples organisations, small and medium enterprises, cooperatives and hawkers;**
- **A white paper is released and discussed in parliament on the socio-economic and environmental impacts of all aspects of the EFTA-India FTA, especially addressing social inequality and discrimination**