

To:

- Members of the committee on International Trade (INTA)

Cc:

- Members of the Committee on Development (DEVE)

- Members of the delegation for relations with India (D-IN)

Dear MEP,

Re: Vote on Draft Report “EU-India Free Trade Agreement”

In the coming weeks, the European Parliament will be asked to vote on a Resolution concerning the free trade agreement (FTA) under negotiation between the European Union and India. The undersigned civil society organisations write to you to express our serious concerns about the process and the content of these negotiations and to urge you to amend the INTA Committee’s resolution to reflect these concerns.

The proposed EU-India FTA is intended to be very comprehensive, involving extensive market opening for goods, services, investment, intellectual property rights, government procurement and other trade-related issues. Such a far-reaching agreement will have grave implications for women and men on both sides, as well as on third countries whose trade flows with the two partners could be affected.

Despite the broad coverage and the inevitably far-reaching consequences of the planned agreement, the negotiations are marked by a **lack of transparency, public debate and democratic process**. Up until now, five rounds of trade talks have been concluded without any negotiating texts or positions of either party being made public.

In spite of the lack of public information on detailed negotiating proposals, the parameters of the FTA that were defined under the auspices of the High Level Trade Group suggest the **agreement will have far reaching effects on the ability of governments to regulate trade in the interest of pro-development and environmentally sustainable outcomes**.

Proposals to **eliminate tariffs** on a reciprocal basis on at least 90% of goods would have major adverse impacts upon vulnerable sectors notably small-scale farmers and small and medium enterprises (SMEs), including the wide-spread closure of manufacturing units and massive job losses. The associated increasing poverty levels could jeopardise sustainable development strategies and food security in India. Previous episodes of rapid and unregulated liberalisation have tended to result in increased market concentration, with benefits accruing to large-scale enterprises and farms, while smaller producers have become increasingly vulnerable.

Proposed liberalisation of **services markets** could undermine the ability of elected bodies to develop and regulate strong public services, while advancing the commercialisation of these services in a way that risks undermining access to essential services for poor people. Furthermore, current proposals to further liberalise and de-regulate financial services, at precisely the time when governments across the world are recognising the need for closer regulation of this sector, are irresponsible to say the least.

Further liberalisation of **investment** would remove tools that governments need to build up domestic firms, provide jobs and foster domestic value-addition. For example, investment provisions under the FTA would prohibit the kinds of policies used by the Indian government in the past to build up its important auto-component sector by requiring large automobile companies to source their inputs from local firms. At the same time, investment liberalisation increases the rights of investors without corresponding responsibilities

to fulfil social and environmental requirements, as well as coming with the prohibition of capital controls which the IMF now believes to be an important tool for shoring up macro-economic stability during financial crises.

Opening up of **government procurement markets** can undermine the scope for governments to address poverty and inequality by directing government spending to small and medium enterprises (SMEs) and marginalised groups. In addition, the scope to use government procurement to provide critical support for domestic firms during times of economic recession would be undermined.

TRIPS+ commitments on **intellectual property rights** (IPR) would severely affect India's ability to provide access to affordable medicines, to protect farmers' rights to seeds and to uphold access to knowledge, thus undermining people's livelihoods and achievements in healthcare, agriculture, and education and research.

Given the extent of concerns about the content of the proposed trade deals as well as the un-transparent negotiation process, **we urge you to use the opportunity of the upcoming INTA committee vote to strongly call on the European Commission to**

- Ø **halt the negotiations** until information is publicly available and a transparent, accountable and consultative negotiation process is adopted, as also requested in India by over seventy-five Indian trade unions, social movements and non-governmental organisations, in their statement of September 2008;
- Ø adopt a **fundamental change of approach** to trade relations with India, which
 - w recognises the major economic disparity between the EU and India and the disproportionate need for India to retain scope to foster decent jobs, livelihoods and national development strategies that serve the most vulnerable of their people;
 - w desists from accelerating de-regulation of the kind that would increase market concentrate whilst undermining access to essential services and eroding the scope for governments to intervene in markets for the public interest;
 - w prioritises human rights, gender justice, and environmentally, economically and socially sustainable development.

Signatories:

11.11.11 - Coalition of the Flemish North South Movement, Belgium

Africa-Europe Faith & Justice Network (AEFJN)

AITEC, France

Attac Vlaanderen, Belgium

Berne Declaration, Switzerland

Centre national de cooperation au développement – Opération 11.11.11, Belgium

Church Development Service (eed), Germany

Ecologistas en Acción, Spain

Oxfam Deutschland e.V., Germany

Traidcraft, UK

Transnational Institute (TNI)

War on Want, UK

Woman in Development Europe (WIDE)

World Development Movement, UK

World Economy, Ecology & Development (WEED), Germany