

## **People's livelihoods ignored in the ongoing trade negotiations between EFTA and India.**

By Øystein Tandberg, May 2009.

Since January 2008 India has been in trade negotiations with the European Free Trade Association (EFTA). EFTA, established in 1960, consists of Norway, Switzerland, Liechtenstein and Iceland. Secrecy taints the negotiations, the next and fourth round of talks is expected in June 2009.

### **Lack of transparency, public debate and democratic process.**

A fundamental critique against the trade negotiations is the secrecy overshadowing them. None of the parties' negotiation texts or positions has been made public, and those expected to be adversely affected have not been consulted. In February 2009, Indian trade unions, people's movement and civil society organizations demanded a halt of the EFTA-India FTA negotiations (link to [Statement of Concern from India](#)). The recent withdrawal of Norway from the ongoing negotiations on Intellectual Property Rights (IPR) has sparked an interest in the negotiations from European and Indian Civil Society Organisations. Switzerland's aggressive attitude towards limiting Indian generic life saving medicine from reaching the world market is assumed to have led to the withdrawal. This however is only one example of the destructive nature of what is being negotiated. Power, and not development, is in the center of the negotiations.

### **Lack of scrutiny and public debate in Norway.**

The ongoing trade negotiations have only been given negligible attention in the Norwegian media. Apart from the announcement of the withdrawal from IPR talks, only a handful of Civil Society Organisations have reported on the progress of the negotiations. This is in stark contrast to the magnitude of adverse consequences a legally binding treaty between the states will have. It is assumed that the treaty will resemble the most recent EFTA FTA signed with Colombia. The ratification of this agreement has halted by the Norwegian government due to the human rights situation in Colombia and the FTA's failure to properly address these. A similar agreement, if accepted by India, will limit India's self-determination in the short and long term. The loss of revenues from tariffs will shrink the nation budget heavily and vulnerable social groups' livelihoods will be swept away. The lack of both public and official knowledge of the consequences is worrying, and must be understood in the light of the secrecy surrounding the negotiations.

### **What is being negotiated?**

Increased liberalization of services and investments in India is a key concern to the EFTA countries, having in common overwhelmingly export oriented economies and large surpluses of capital that needs to be invested. However, the great irony of the EFTA member states these days is that Iceland, arguing for increased liberalization of the financial services sector in India, was just sent into bankruptcy by the same policies, leading the country to ask the IMF for loans. The EFTA countries also want to impose export restrictions on India, opening up all public procurement and impose rigid patent- and competition legislation. Many of the issues being negotiated are in direct conflict with the International Covenant on Economic, Social and Cultural Rights (ICESCR), such as the right to food.

### **Liberalization of public procurement**

It is believed that this EFTA agreement will ask for compulsory bidding on all India's public procurements. This will remove an important political policy space for the Indian government, such as the ability to purchase from Small and Medium Enterprises (SMEs) and marginalized groups. Moreover, during an economic downturn, public procurement is an effective tool to sustain the local economy. In the longer term, compulsory biddings could lead to higher overall costs and administrative expenditures, as all contracts would be split up and placed on the tender. Another fear is that large international companies will give artificially low bids and out-perform smaller companies in the short run, to secure a monopoly and dictate a higher price in the long run.

### **Fishing**

Both Norway and Iceland depend heavily on export of fish. Recently, Norway shifted to become a net importer of fish due to all the fish farms in the country. Fish from all over the world is imported and used in the

production of pellets to feed farmed-fish. It takes approximately 4 kilos of wild fish to farm 1 kilo of fish. Indian fishers' fear that the European industrial fishing fleet will destroy their livelihoods is highly justified. Increased possibilities for Norwegian companies to operate in India, combines with the lift of export ban, will make it costly for the Indian government to stop a Norwegian company from exporting fish, meant for fish food, even in the case a hunger catastrophe in India. India would neither be allowed to impose taxes on the export to secure food for the population through purchases. An example like this illustrates the importance of lifting the secrecy around the EFTA negotiations and welcoming public debate around what is being proposed.

### **A rights-based approach to trade and investment policies**

Policies that promote export oriented intensive industrial fishing do so at the expense of local and national food security. Such policies thereby affect fundamental human rights, like the right to food, governed under the ICESCR. Both Norway and India have ratified the ICESCR and are required by international law to abide to the treaty. EFTA FTAs aim to limiting state control and the negotiations are carried out without possibility of public scrutiny, stakeholders are effectively held at bay and excluded from the decision-making process. It is clear that both India and EFTA countries are shunning their commitments to the Universal Declaration of Human Rights (UDHR), which in theory governs over all other governmental obligations, such as trade and investment treaties.

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