

TTIP & 'Trade for All': What implications for African, Caribbean and Pacific countries?*

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Now at the fourteenth round of negotiations of the infamous TTIP – the Transatlantic Trade and Investment Partnership between the EU and the USA – there has been unprecedented uproar about the agreement, but relatively little of this has focused on the impacts of this agreement on third countries, most notably the African, Caribbean and Pacific (ACP) group of states.

The ACP countries have a long-standing relationship with both the US and the EU, who are effectively the regions' two major trade and investment partners. Thus, it is quite clear that **ACP countries cannot afford to ignore TTIP** – which combines half of the world GDP and one third of international trade with direct impact on 800 million people – **and it's potential three-fold implications of: (i) preference erosion and trade diversion; (ii) rules and standards-taking; (iii) geopolitical marginalisation.** With reference to the European Commission's Trade and Investment Strategy - 'Trade for All' – there are many subtleties that ought to come out of the shadows, before the EU and ACP countries begin to revise their own partnership agreement, the Cotonou Agreement, before its expiry in 2020.

For ACP states, the risk is huge and Sir Shridath Ramphal, former Secretary General of the Commonwealth from Guyana, sums this up unequivocally: *“The challenge that faces developing countries is not merely the challenge of economic development, but the fact that in failure lies the danger of returning to a new dependency - a new kind of colonialism - deriving from economic weakness.”* In this regard, **it is essential to look at TTIP, 'Trade for All' and EU-ACP relations holistically** and draw recommendations for EU-ACP policy makers to mitigate any potential fallout from TTIP.

TTIP vis-à-vis ACP: 'Trade for All' recognises the need to *“minimise any negative impact on LDCs and other countries most in need. This is particularly relevant with regard to TTIP, given that the EU and the US are the world's two most important markets for developing countries' goods and services.”* This is referenced in line with the principle of Policy Coherence for Development with a strong emphasis to assist the poorest in developing countries, and addresses the concerns of those who feel they are losing out from globalisation. This pro-poor trade agenda however, obscures and overlooks a deeper question about poverty in general, as Middle-Income-Countries (MICs) are absent from this discussion. Nevertheless, this is not the first Commission communication which points to a marginalisation of MICs, the

EU's Agenda for Change already set the foundation that more attention would be given to the poorest, the Least Developed Countries (LDCs). While MICs still face issues of poverty, it is noteworthy that many of these countries themselves, actually contest this label based on simple GDP calculations. This is even more the case with regards to the 'development-friendly free trade agreements' commonly known as the Economic Partnership Agreements (EPAs). If ACP EPA signatories are ever going to benefit from the agreement, these subtleties need to be taken into consideration to mitigate any negative side effects of this broader Strategy. This would require pulling 'Trade for All' in line with the Sustainable Development Goals (SDG), which the international community aims to achieve around the same date of EPA tariff liberalisation schedules (2030 and from 2033 respectively).

The post-Cotonou scenario: 'Trade for All' makes one reference to ACP and thereafter refers to the three distinct regions: (i) EU-Africa; (ii) EU-Latin America and the Caribbean (LAC) and (iii) EU-Asia and the Pacific respectively. As the negotiations for a post-Cotonou Agreement draws closer, should this be read as a precursor to the European Commission's negotiating position? It is unsurprising that this part of the 'Trade for All' Strategy's silence is in line with other ACP-related non-negligible institutional shifts that have been taking place inside of the EU institutions: (i) ACP units in the European Commission have been disappearing, or sub-merged within broader thematic units, such as 'global partnerships' e.g EIB; (ii) The European External Action Service (EEAS) - mandated to strengthen and profile the EU on the world stage - has never been endowed with an ACP unit, and (iii), the Treaty of Lisbon, made no reference to ACP, as previous treaties had done.

WTO level: The Strategy recognises the centrality of the WTO, yet this seems nevertheless undermined by a nebulous and selective use of promoting regionalism: *"The EU needs to pursue bilateral and regional agreements in a manner that supports returning the WTO to the centre of global trade negotiating activity. FTAs can serve as a laboratory for global trade liberalisation. (...) This could be explored, starting with countries that have close relationships with the EU or the US and are ready to meet the high level of ambition."* However, the Strategy does shed light on the *"concrete steps towards the inter-operability of its agreements by facilitating cumulation of origin: 'System of Pan-Euro-Mediterranean cumulation"*. In this regard, it is worth asking whether the Commission would consider the same type of inter-operability applied to EU EPAs with ACP regions, therefore, a type of Pan-Euro-ACP cumulation? If it does not, it could risk falling into rhetorical entrapment, of using nice words without any real intention to move from rhetoric to reality.

In today's tumultuous political – Brexit – and economic – post-crisis recovery – situation, it is worth recalling the former EU Trade Commissioner Karel de Gucht

words: “as regards the economic fundamentals, the truth is that the current system has failed; that ACP countries have become increasingly marginalised in world trade.” On this backdrop, here are my recommendations: 1) The current **EU Trade Commissioner, Cecilia Malmstrom, must position herself effectively to deal with the new challenges that TTIP creates for third countries.** After all, there is no guarantee that TTIP does not impact the endogenous policy-making space of ACP countries, in a way that risks returning to an unhealthy dependency between Europe and its former colonies, contrary to all the Strategy claims to strive for; 2) **ACP countries must position themselves to engage the EU and the US on the issues being negotiated** or risk continued marginalisation both as a group and as regions; 3) Both the **EU and ACP countries must champion consistency and coherence in its trade policies to ensure that trade remains a viable tool for the sustainable development,** in line with Agenda 2030 and regional agreements.

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**This article is a summary of a recent presentation on TTIP: What implications for ACP countries hosted by the Ramphal Institute at LSE in May, and former research on ‘TTIP: What Implications for Africa?’ presented in the European Parliament in 2014.*

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