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Global Europe – Partnership for Poverty?

The European Union's new trade policy strategy bears the title "Global Europe – Competing in the World". It stands in the context of the Treaty of Lisbon, which was signed in December by the leaders of the 27 EU member states and the new cycle of the concluded Lisbon strategy. The neoliberal vision of a global Europe is geared towards strengthening European competitiveness, which is to be increased by further "reforms" and "Flexicurity measures" on the employment market in the EU member states and new trade and investment agreements with third countries. At a meeting in June 2007, the Council of the European Union accepted the new trade strategy with the title "Global Europe – a stronger Partnership to deliver market access for European exporters". According to official jargon, this strategy backs an active policy of opening-up within the EU as well as in third countries, with the intention of making Europe capable of competing globally. Greater co-operation between EU member states, the EU commission and businesses is desired in order to guarantee that the European institutions support the removal of market access restrictions. Increasing external competitiveness also involves securing the provision of raw materials, a stronger presence of European businesses on the growth markets, opening-up and liberalising lucrative markets for public contracts and asserting an unrestricted freedom of establishment, that is, liberalising the investment regime in third countries and in the end, implementing legislative measures that promote free trade. The declared goal is removing non-tariff trade barriers; which include environmental standards and those relating to labour law along with opening up the market for until now protected government public contracts.

This brings up the matter of the so-called Singapore topics (investments, competition, government procurements and trade facilitation), which failed at the WTO Summit 2003 in Cancun due to resistance by many developing and newly industrialised countries.

As the German non-governmental organisation WEED (World Economy, Ecology and Development) emphasises: "the global Europe strategy was spurred on particularly by the EU Commission. This however occurred within the framework of intensive lobby work and intensive cooperation between the Commission and industry. Right from the beginning, large European corporations and trade associations were consulted concerning concrete subject matter and wording. Drafts of texts were sent to industry for comment and trade associations such as Business Europe or the Federation of German Industries (BDI) were invited for talks."

This close co-operation between the Commission and industry has always existed and remains undisputed by the players. However, that the German federal government in particular has a great interest in wide market liberalisation can be read in the Federal Government position paper published in 2006 "Globalisierung gestalten: Externe Wettbewerbsfähigkeit der EU steigern – Wachstum und Arbeitsplätze in Europa sichern."[1] In the opinion of the federal government, future EU trade policy should concentrate on improving the conditions of market access for European service providers in third countries, in particular in aspiring newly industrialised countries. With the recommendation to consider introducing reciprocity for national public contracts, the federal government is pressurising the EU to more liberalisation measures. The EU negotiating mandates for association agreements with the Central American countries, with the countries of the Andean Community of Nations and for the free trade agreement with India and South Korea illustrate that the federal government has by all means been successful in fulfilling its wishes. Without consulting civilian community organisations and without involving the parliaments of the EU member states – even the EU parliament is largely ignored – the EU Commission negotiates on the liberalisation of trade with goods and services that include the area of public services and rules of investment liberalisation, competition and the reciprocal liberalisation of national public contracts.

1 "Shaping globalisation: increasing external EU competitiveness - securing growth and jobs in Europe."

The negotiating mandate with South Korea formulates the further goal of removing duty within the next years along with a comprehensive liberalisation of trade and the removal of non-tariff trade obstacles. As the sixth largest economic power after the EU, the USA, China, Japan and Canada and fourth largest non-European trade partner, South Korea is a significant importer of European goods and a large market for investment, the service industry and the national public sector. The free trade agreement, which is to be settled this year, is intended to give European businesses a stronger trade position.
The European global structural adjustment fund is to moderate the shock of the negative consequences for the labour market caused by unexpected "trade shocks" which resulted in changed global trade and economy structures. This fund is to pay for the costs for changes of location for job-related reasons and training measures for dismissed employees, as job losses will be the consequence in the region for qualified as well as unskilled workers, whilst additional jobs are to be created in the communications and service sectors.
There is immense protest against this bilateral agreement by the Korean civilian community as negative impacts in the areas of public goods (e.g. water) and services are expected in Korea.
Besides competitiveness, reducing poverty and creating employment are common arguments for the liberalisation of trade in the countries of the South. The widespread myth that the liberalisation of trade will bring prosperity and development to developing countries does not however stand up to empirical examination. A UNCTAD study dating from the year 2004 about the consequences of the liberalisation of trade in 40 countries shows that half of these countries exhibit de-industrialisation as a result of liberalisation. This means more unemployment and growing poverty. In 2005 even the World Bank concluded from numerous evaluations on measures of increasing "free trade" that the liberalisation of trade is not enough to achieve growth and combat poverty.
According to a study by the British aid organisation Christian Aid, the liberalisation of trade in African countries south of the Sahara have cost 272 billion US Dollars in the last 20 years.
"Whole countries would be much richer today if they had not been forced to open their markets. In the past 20 years trade liberalisation has cost Africa the same amount as it received in aid. The amount that Africa has lost could have wiped out Africa's debt and sent every child in Africa and the rest of the world to school and vaccinated every baby on the continent. Two decades of liberalisation has cost sub-Saharan Africa roughly what it has received in aid."
UNCTAD estimated in 2003 that EU protectionism costs the developing countries nearly 700 billion dollars a year in export income and that this is almost fourteen times the amount of development aid received by poor countries every year.
Is it a coincidence that poverty in Africa has doubled in the past 20 years? In his book "The Empire of Shame", Jean Ziegler wrote that it is not about giving the people in the so-called third world more, but rather about stealing less.
The trade fetish can also be questioned in the face of the current climate debate. World trade has more than tripled in the last 12 years, whereby a third of trade can be attributed to the transport of goods between the various premises of one and the same company. The mass transport of goods over the entire planet is today one the fastest increasing sources of greenhouse gases and therefore of global warming. Since 1950 world air cargo has increased manifold. The costs for air cargo have fallen by 3-4 percent a year (!) in the last 20 years. Air cargo uses up 49 times as much energy per kilometre per ton of cargo than does one ton of ship freight.
The immense stream of products that are pumped onto the market by companies requires ever more raw materials. The result is a rapid increase in the consumption of resources. The exploitation of non-renewable resources and the mining of minerals and metals causes ever greater environmental damage.
About 70 percent of the world's population still lives from agriculture. As a result of markets in the agricultural sector being forced to open up, farming is put under even greater competitive pressure, which many local producers are not able to hold out against. The countries of the south are becoming increasingly dependent on food importers, while local food production is being driven back. Civilian society and development experts heavily criticise this development. Self-sufficiency in food production is an essential aspect of independent development and for years was one of the top priority development objectives.
The fact that a large part of agriculture in the developing countries is in the hands of women and these are decisive in food production has seemed to have been forgotten despite gender debates. With the collapse of the agricultural sector, women and thereby countless families lose their existentially important income. Often the only alternative is migration into urban centres, where the women attempt to find work in the special production zones. Despite the catastrophic working conditions with exploitative wages that mostly prevail in the factories in these zones, such work is often the only means of income for unemployed women.
Conclusion: free trade agreements increase dependency on food importers, contribute to de-industrialisation and the deterioration of the climate and are, moreover, misogynistic. In discussions about trade policy these aspects should be more strongly considered.

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