

**Africa, Caribbean and Pacific (ACP)/ European Union (EU)
Economic Partnership Agreements (EPAs)
“Boom or Doom for Zambia”**

“A National Civil Society Consensus Building Conference on Trade Policy and Development”
May 23rd 2007

Mulungushi International Conference Centre, Luangwa Room

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Civil Society ACP/ EU - EPA Trade Justice Overview

Dear Honourables, colleagues and fellow Zambians. I take this opportunity to welcome you to this CSO national consensus building workshop under the theme “EPA: Boom or Doom for Zambia”.

The timing, the purpose and the conference theme are all very appropriate. In terms of time, the conference comes timely as the so-called ACP – EU Economic Partnership Agreements (EPAs) negotiations have reached an advanced stage with areas that hinder agreement on development known; in terms of purpose, it provides an historic opportunity for a range of stakeholders to develop consensus on the perceived benefits and costs of the proposed trade agreement before it is signed as has been the case in the past; In terms of theme, it comes after a review of these negotiations which points out key development measures on the table, which if adequately incorporated in the trade agreement, might build hope for future Economic Boom, but if ignored might indicate Doom for Zambia.

While the main objective of changing the current EU - ACP trade regime to one that will promote sustainable development and poverty reduction is agreeable to all of us, who live in a country where 70% of the people are poor and only 400,000 people have formal jobs, as civil society, we however still question the simplistic conclusion of the consequences of reciprocal free trade policies on national development and on the welfare of the poor. While there is no doubt that the 30 year relationship EU - ACP under Lome has not produced the developmental effects foreseen by its architects. We are also aware that these negotiations are happening within a changing global economic context where:

- a) Trade preferences meant to stimulate development are being eroded globally through various processes within the international trading system
- b) There is a quiet advance of trade and investment agreements between rich and poor countries primarily driven by the USA and the European Union. These agreements have imposed far-reaching rules that place severe restrictions on some policy instruments developing countries need in order to fight poverty.

These trends are beside global acknowledgment that a level playing field does not exist in the current world trading system. Developing countries in particular face numerous market access barriers in developed country markets as well as competition with highly subsidised products that they simply cannot compete with. Thus, we agree with the views of the Vatican’s Representative to the United Nations Archbishop Celestine Migliore that as a result of the current bad trade policies, “The effects of trade relations have serious consequences for some of the most vulnerable people in the world and ultimately for their dignity. Unjust policies are one reason why there is “little hope of achieving” the Millennium Development Goals (MDGs). “

Archbishop Migliore notes that in the face of such increasing inequalities, the type of trade policy which rich countries have been promoting—policy which only focuses on market forces—is dangerous. In particular, “the interests of some sectors of the developed countries have prevailed over the common good,” he said. He also, in particular, pointed to \$280 billion in harmful “rich countries’ support” through agricultural subsidies for their own farmers, which is extremely detrimental to poor farmers here in developing countries.” While rich countries demand that poor countries open their markets quickly.

Given the above, the call to develop right trade relationships between nations through processes like EPA are an opportunity to entrench trade justice practices in line with the Jubilee Zambia statement of the three church bodies - Council Of Churches of Zambia (CCZ), Evangelical Fellowship of Zambia (EFZ) and Zambia

Episcopal Conference (ZEC) which emphasizes the need for just trade rules to ensure poverty reduction. We agree with former UN Secretary Generals Kofi Annan's observation that no single change could make a greater contribution to eliminating poverty than fully opening up the markets of prosperous countries to the goods produced by poor ones.

It's unfair to expect African farmers to liberalize in the face of European farmers continued protection in the form of farm subsidies. Trade agreements which strip developing countries of the capacity to effectively govern their economies and to protect their poorest people must be guarded against. The liberalisation rules in FTAs that threaten to drive local firms out of business, reduce competition, and extend the monopoly power of large companies must be opposed. Liberalizing markets can bring economic benefits but as the experience of India and China shows, domestic policies that foster growth are of prime importance. Developing countries individually must be allowed to protect key food and livelihood security products in line with the special products proposal for agriculture tabled in the July 2004 Framework agreement of the WTO.

Despite the limitations that Lome faced, having already suffered the social and economic costs of trade liberalization, it's imperative that we make sure that we do not replace one failed development framework with another on the basis of ideology, but on the basis of our peoples practical need to be productive and trade effectively. These so-called trade rules, notwithstanding their technical appearance, have a political and social nature, with deep and lasting consequences in the life of humanity. In a free market system such as the one EPA promotes, without clear rules and regulations to ensure equity, the weaker, vulnerable and poor members of our society will stand to suffer.

Given the above, an ethical discernment in the context of international trade must be based upon the principle of the inalienable value of the human person, an approach that is imperative in EPAs discussions. The human being must always be an end and not a means, a subject and not an object and not a commodity of trade. When placed at the service of human development, the international trade system works for people -- persons and communities.

For EPAs to be signed off as "development accords" this is the ethical test they must pass. Recalling our Jubilee Zambia trade justice statement, this is a call for both European governments and our government to ensure trade policies work for development and poverty reduction. We believe that systematic measures for regulating trade by our government can significantly contribute towards the development of our people's productive activities.

By demanding reciprocal liberalization, we note with dismay that there is a fundamental way in which EPAs seeks to depart from the long fought for concept of special and differential treatment and non reciprocity which are central to the Doha Development Agenda (DDA) in the World Trade Organisation (WTO). Europe seems to be ignoring the consensus that countries that are at lower levels of development cannot be subjected to reciprocal free trade agreements if they are to have a chance to develop.

As Zambians what we need to do is to develop consensus on how we want our trade policy to respond to our development needs and priorities, and defend that.

To do this, as we discuss the effects of EPAs we need to keep our "Eyes Wide Open" asks questions and develops answers on such fundamental questions as:

- i) What needs to change from the current ACP- EU trade system for trade policy to lead to development?
- ii) What must EPAs offer if they are to be true development accords?
- iii) In what ways will EPAs substantially address the lack of diversification in ACP and value addition?
- iv) Who is going to bear the costs of liberalization resulting from revenue losses for social development programmes and for relocating producers displaced by cheaper imports?

While EPAs will lead to many effects, today we primarily focus our discussion on the competition, the revenue loss and the policy space effects that are feared under EPA and how they should be avoided or minimized to

ensure equitable participation by Zambians across economic sector and their improved access to social services.

In line with the thinking of the Holy See, the multilateral trade system will have been truly accomplished when poor countries are able to integrate fully into the international community. This necessitates policies that foster an authentic human development and assist poor countries in capacity building. This development cannot be restricted to belief in economic growth alone since to be authentic human development, every man and woman, and the whole person, must be developed.

In view of the many concerns around EPAs, all progressive views must be heard, such as those that respect the sovereignty of the ACP in making its own decision on the pace and sequencing of reforms and on product coverage for market opening, in line with national development plans.

Attention must be paid to the wisdom in the January 2007 declaration of Africa Union Trade Ministers meeting, which reiterated that EPAs should allow development policy space and be properly sequenced and progressive. They called for ACP needs to be accompanied by adequate and effective supportive measures that address supply-side constraints, improve competitiveness, and strengthen the capacity to trade, to enable ACP States to benefit from EPAs. They also called on the EC to identify alternative trade arrangements, equivalent to the existing situation for non-LDC/ACP States not in a position to enter into an EPA.

Today we have a chance to talk about EPA – so that we as Zambia can advise on a system that will provide opportunities for all to be productive and for the conditions for production to be assured. Liberalisation will have a number of effects, some good and some bad. Beyond the focus on reduction of trade tariffs we have a unique opportunity to also understand from the EU their opposition to the proposed development oriented measures, timelines and indicators to the EPA proposal by ESA.

We reiterate the reviews from Pope Paul VI's encyclical *Populorum Progressio* that "freedom of trade is fair only if it is subject to the demands of social justice. We thus make a final appeal to our church members, all religious leaders, government, private sector, CSOs, donors, journalists and members of the general public for an active orientation towards trade justice in the EPA understanding the EU being one of Zambia's major trading partners. This trade justice approach should help us identify the required interventions and safeguards that will ensure a "Boom and avert Doom for Zambia.