



ECONOMIC GROWTH WITHOUT SOCIAL JUSTICE

**EU-INDIA TRADE NEGOTIATIONS
AND THEIR IMPLICATIONS FOR SOCIAL DEVELOPMENT
AND GENDER JUSTICE**

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**Economic growth without social justice: EU–India trade negotiations
and their implications for social development and gender justice.**

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The 7th EU-India Summit held in 2006 in Helsinki, Finland, decided to step up efforts towards a “broad based bilateral trade and investment agreement” between India and the EU. On 28 June 2007, negotiations which are supposed to be completed within two years were launched in Brussels.

The negotiations on a bilateral trade and investment agreement between the “two largest democracies in the world” have to be seen in the context of fast-changing global economic relations and the growing significance of the emerging markets in Asia. Both sides consider an export-led and free-trade-oriented strategy a powerful driver of economic growth, development, and employment. India is in the process of adopting in a “grand leap forward” the liberalisation model, enhancing its export industries in manufacturing and information technologies, and its access to foreign markets. It has already become an important production base and outsourcing destination for EU operators. The EU wants to maintain its competitiveness in the world economy by gaining access to the large Indian market, expanding investment, the export of goods and services, and ensuring favourable trade rules and regulations.

While the bilateral free trade agreement (FTA) is supposed to prepare the ground for a “strategic partnership” in trade and investment, India is still the main recipient of EU development aid. The Country Strategy Paper (CPS) for India 2007-2013 provides 470 million euro for both economic and development cooperation. While in the past decade Indian economic growth rates rank second in the world behind China, UNDP ranked India’s human development at 126, and gender-related development at 96 in its global comparison.¹ One quarter of the population of India lives below the poverty line.

This paper attempts to place the FTA negotiations in their historical and topical context, and questions the coherence between the development aid agenda on the one hand, and the trade and investment agenda on the other. Does it still hold true what the European Commission stated in 1996 aiming at enhancing the EU-India partnership: “The European Union firmly believes that social development must be a parallel objective to economic development”?² Exploring the main interests behind the FTA on both sides, the paper asks whether considerations regarding social inclusion, poverty eradication, and gender equality are informing trade policy-making. It looks at trade liberalisation and the FTA procedures through the prism of social justice and human development. Since bilateral trade negotiations are held in great secrecy, the paper wishes to provide civil society actors in the EU and India with background information and to build their capacity to engage critically in policy-making on trade and development and in transregional networking.

¹ UNDP (2006): *Human Development Report, New York*.

² Commission of the European Communities (1996): *Communication from the Commission: EU-India Enhanced Partnership*, 10.

Brief chronology of development and economic cooperation between the EU and India

India and the European Economic Community (EEC) respectively the EU have a long-standing relationship which intensified over time in terms of political relations, cultural exchange, development cooperation, as well as trade and investment.

	Development Cooperation	Economic Cooperation
1970	Cooperation programme: Operation Flood	
1971		EEC introduces General Tariff Preferences for India (GSP)
1973		Commercial Cooperation Agreement
1976	Beginning of regular development cooperation	
1981 & 1985		Commercial & economic agreements
1991		European Community Investment Partner scheme to promote joint ventures (ECIP)
1992		Joint Business Forum
1993	Sectoral programme: education	
1994	Cooperation Agreement on partnership and development	
1996	Sectoral programme: health & family welfare	
2000	1. EU-India Summit in Lisbon	
2002	Country Strategy Paper 2002-2006	
2005	Joint Action Plan for Strategic Partnership	
2007	Country Strategy Paper 2007-2013	Launch of negotiations on a bilateral FTA

India is the main recipient of EU **development aid**. Funds from the EU budget itself represent 10–15 per cent of the assistance, in addition to loans from the *European Investment Bank* to, for example, the power generation sector, and the aid provided by the individual member states.

The kick-off for EU aid to India was the 1970s' *Operation Flood* which supported (with EU-subsidised milk powder) the building of milk cooperatives in rural areas and made India the world's leading milk producer. In the 1980s and the beginning of the 1990s

funding was particularly aimed at agriculture and rural development in order to enhance infrastructure, diversify agricultural production, rehabilitate irrigation and forestry, and develop agri-food industry and markets. According to a *Communication* by the European Commission the main lesson learnt from these projects was that “agricultural pricing, trade and markets must be freed if real progress is to be made”.³ This links development directly to the liberalisation policies adopted by the Indian government since the beginning of the 1990s.

The *Cooperation Agreement* from 1994 states that the main **target groups** of development assistance should be “**poorer sections of the society**” with particular attention given to women, stressing their education and “family welfare”.⁴ This is in compliance with a shift of focus of EU development aid which since 1993 gave priority to human resource development and supported basic social services in the educational and health sector. While in the 1980s the EU development funds averaged 26 million euro per year, they went up to 54 million euro per year from 1996 onwards.

The results of an audit of EU funded programmes in the 1990s were mixed concerning the effectiveness of the programmes with regard to reaching the poor sections of society as well as sustainability.⁵ While the programmes in the health and education sectors identified women and girls as well as marginalised groups like scheduled castes and tribes as specific target groups, there is a lack of clear indicators that show how women and girls benefited from the quantitative and qualitative output. The agricultural projects were determined by technical and quantitative factors and directed towards market-oriented producers, not towards small-scale or subsistence farmers. A lack of socio-economic and gender disaggregated data makes it difficult to assess a sustainable poverty reduction effect or a lasting empowerment impact for women. Therefore the audit report recommends a more systematic targeting of the poor. However, women are depicted in success stories of development cooperation as the key agents of sustainable development who work relentlessly for social upward movement in their communities, for environmental protection and their own self-empowerment.⁶

Under the *Country Strategy Paper 2002-2006*, the projects supporting good governance, business development and administrative reform, and particularly the *Trade*

3 *Commission 1996: 18.*

4 *European Communities (1994): Cooperation Agreement between the European Community and the Republic of India on partnership and development, Art.16; In India “family welfare” is – after a long history of controversy and resistance to birth control policies – a euphemism for family planning.*

5 *Special Report 10/2003 concerning effectiveness of the Commission’s management of development assistance to India, http://www.eca.europa.eu/audit_results/special_reports/docs/2003/rs10_03.en.pdf*

6 *The “dramatic success story” is depicted in a glossy, more elaborated version of the Joint Action Plan published by the EU for the general public; European Commission (2006): The European Union and India: a strategic partnership for the 21st century.*

and Investment Development Programme launched in 2005, linked the aid agenda increasingly to the trade agenda.

In 2003, the then EU trade commissioner Pascal Lamy “proposed” to create a strong link between development aid and domestic rule-making by building domestic capacities to meet Sanitary and Phytosanitary Standards, modernising customs or setting up a domestic competition regime. However, Lamy was eager to ensure that this proposal was a new effort of the tied-aid concept of the past.⁷

„We want to make our development aid efficient and trade-enhancing which is possible if we address one by one the number of bottle-necks ... It is not a question of conditionality.”

Pascal Lamy
New Delhi, 14 March

The new **Country Strategy Paper 2007–2013** comes close to considering India as a threshold country whose need for development aid is decreasing. The CSP wants to be “regarded as transitional showing a progressive shift from development assistance to support for pro-poor

sector reform policies and other areas of mutual interest including economic cooperation”.⁸ EU assistance will adopt a two-pronged approach: a) it will provide budget support to the health and education sector to help India meet the Millennium Development Goals, encompassing the facilitation of good governance, institutional reforms and public sector management – a strategy in compliance with the principles of the *Paris Declaration on Aid Effectiveness*; and b) implement the *Joint Action Plan* and “address the most recent challenges of its economic reform process” through facilitating policy reforms, sectoral dialogues particularly on energy, climate change and environmental concerns, and the enhancement of economic partnership. Initially, 62 per cent of the CSP budget of 67 million euro annually are budgeted to flow into social sector support, 38 per cent are budgeted for the implementation of the action plan.

Throughout the CSP, gender and environment are referred to as cross-cutting issues: “**Gender mainstreaming** and the achievement of gender equality remain top priorities on the EC development agenda”.⁹ In particular gender and caste disparities in equitable access to essential services are addressed. Special attention is paid to the alarmingly low sex birth ratio. Gender and poverty are very often referred to as kind of twins.

Deepening of economic and commercial relations

Initially, **economic cooperation** between the EU and India was governed by India’s status as a developing country. Till today India benefits from reduced tariffs for its

⁷ *Business Line*, 14 March 2003, G. Srinivasan: *EU development aid aims at enhancing trade*.

⁸ *Country Strategy Paper 2007-2013/National Indicative Programme 2007-2013*, 1.

⁹ *Country Strategy Paper 2007-2013*, 9.

imports into the EU granted under the *Generalised System of Preferences* in 1971.¹⁰

Commercial relations got a boost in the beginning of the 1990s when India got on the liberalisation track. With the **Cooperation Agreement from 1994** a new age of economic cooperation began, aiming at a diversification of trade relations in industries, services and telecommunications, more involvement of the private sector, improving the business climate in India, and facilitating exchange and connections between their business communities. The first step was that the EU and India granted each other Most-Favoured Nation treatment.¹¹ In the agreement, a business and mercantilist approach dominated clearly a development approach to economic cooperation.

Additionally, the EU wanted to help India in its structural adjustment process (SAP), for example, through the reform of its public sector, labour laws and taxation, and to confine the SAP's negative impact on the poorest section through development assistance to the health and education sectors. The *Communication on Enhanced Partnership* tries to balance the strong focus on trade, commercial and economic cooperation with social language, with references to a "socially-just economy", links to rural poverty alleviation projects and the need to elaborate a social safety net.¹²

Since 2000 an annual EU-India summit worked to further develop the relationship and resulted in the **Joint Action Plan on Strategic Partnership 2005** in New Delhi. A **High Level Trade Group** (HLTG) was launched and prepared a report on the potential intensification of bilateral trade and investment for the EU-India summit in 2006 in Helsinki. An EU-India CEO Round Table was established, lead by the *Confederation of European Business* (CEB/UNICE) and the *Confederation of Indian Industry* (CCI)/*Federation of Indian Chambers of Commerce and Industry* (FICCI). The Round Table is supposed to "discuss how to bring EU and Indian businesses closer". *EU-India Business Summits* are held regularly, in conjunction with the *EU-India Political Summit* organised by business confederations from both sides. These linkages indicate that there is a considerable **involvement of the business community** in the policy-making process. After the CEO Round Table, the chairman of the European Services Forum claimed that it is "our task as business leaders to urge our trade negotiators" to take business interests into consideration.¹³

10 *The Generalised System of Preferences grants manufactured or semi-manufactured goods, processed agricultural products and textiles imported from GSP beneficiary countries either duty-free access to the EU or a tariff reduction, depending on which of the GSP arrangements a country enjoys. There is no reciprocity clause for the developing countries which are bound only to apply the most-favoured nation clause and not to discriminate between EU member countries.*

11 *Most-Favoured Nation treatment means that all trade partners must be treated equally, with no positive or negative discrimination between trading partners, and a favour for one partner must be done for all of them.*

12 *Commission 1996: 10, 12.*

13 *Speech of Lord Vallance of Tummel at the Interactive session on EU-India-Trade and investment Relations, 12.10.2006, Helsinki, <http://www.esf.be/pdf/document/speeches/EU-India>*

Based on the HLTG report, at the Helsinki summit in October 2006 both parties decided to launch negotiations on a bilateral agreement on trade and investment. This decision has to be seen in the context of the new EU trade strategy “Global Europe: competing in the world” which was released shortly before the summit and sets out the frame of reference for pursuing a new generation of ambitious competitiveness-driven FTAs with key partners, especially in Asia. A few weeks later, the mandate which authorises the European Commission to negotiate a free trade agreement with India was drafted.

2006/7	EU27	India
Population	460 million people	1,1 billion people
Growth rate	3.3%	9.2%
GDP	10,800 billion euro	706 billion euro
Per Capita Annual Income	23,377 euro	635 euro

Source: Eurostat, DG Trade, 24 August 2007

The Indian context: neo-liberal reforms and their human development and gender implications

India’s economic reforms refer to the set of policies introduced in 1991 that marked a radical shift in political-economic thinking. Pre-1991 policies pursued import-substituting industrialisation and a mixed economy. A severe macroeconomic crisis caused by external debt tripling to USD 69,3 billion, a rising fiscal deficit, and a steep rise in oil prices due to the Gulf crisis in 1990 prompted the government of India approach the World Bank (WB) and the International Monetary Fund (IMF) for assistance. In return the government agreed to undertake reforms. These reforms included fiscal consolidation and limited tax reforms, the removal of controls on industrial investments and on imports, the reduction of import tariffs, allowing market forces to play a major role in exchange rate movements and making the rupee convertible on current account. The reforms brought about a decline in public expenditure for social services, leading to a deterioration in quantity and quality of public health and educational services, and to an accelerated pace of privatisation in these sectors. After the government of India passed the Patents Act granting monopoly rights on drugs, the climbing price of medicines and the privatisation of health services made them less accessible and affordable for the vast majority of poor people. Presently, around 80 per cent of the aggregate expenditure on health is private spending.¹⁴

¹⁴ Duggal, Ravi (2005): *Public Health Expenditure, Investment and Financing under the Shadow of a Growing Private Sector*, in: Gangolli, Leena/Ravi Duggal/Abhya Shukla (2005): *Review of Health Care in India*, Mumbai.

The **structural adjustment programme** thus imposed on India had ambivalent effects: it helped to overcome the so-called “Hindu Rate of Growth” of an average of 3.5 per cent per year, which had characterised economic development in India since the 1950s. After the turn of the century, India witnessed a record average of 7.6 per cent growth per year. However, high economic growth rates per se are not a guarantee of poverty elimination. Even today one fourth of the country’s total population continues to live below the poverty line, half of the children are malnourished and only every other woman can read and write. While progress against poverty in India has been highly uneven over time and space and its magnitude hotly contested, inequality has undoubtedly grown. The disparities in human development indicators between rural and urban areas, between states, within communities and castes, and between women and men are also very significant.

Since 1993, based on constitutional amendments administrative reforms were introduced. Following the Gandhian model of **local self governance**, decision making with regard to local development has been decentralised and gradually, administrative and financial power is transferred to **Panchayati Raj Institutions**, democratically elected institutions at village, block and district levels. One third of the seats in these local bodies are reserved for women, and one third for underprivileged groups like scheduled tribes and castes. Despite all the obstacles women face entering these institutions, the quota system opens the door for women to public policy and decision-making at the local and district level. With regard to influencing local governance and development planning at the grassroots, this process of decentralisation and devolution to local bodies bears far-reaching potential for local communities and their democratic decision-making. The women’s movement, however, was not successful in establishing a quota system in parliament where women presently hold only 9.2 per cent of the seats.

The **agrarian crisis** is an indicator of the ongoing restructuring of the whole economy. Agriculture – the backbone of Indian economy – still contributes 21 per cent of the GDP and employs 53 per cent of all male workers and 75 per cent of all female workers. The crisis was brought about as a result of declining growth rates (only 2.7 per cent in 2006), a slowdown in capital formation and a decline in the per capita food and non-food grains output.¹⁵ Public investment in agriculture as a proportion of GDP has fallen, employment opportunities in rural areas have contracted. The decline in per capita output of food grains has resulted in regional food insecurity and pockets of hunger.

15 *Government of India, Economic Survey 2004-5; Patnaik, Utsa (2004): Alternative Ways of Estimating Poverty and Implications for Policy, A Critical Appraisal of the Indian Experience, <http://www.networkideas.org>*

One effect of agricultural liberalisation is the undermining of traditional agriculture due to the introduction of genetically modified seeds. High prices for imported agricultural inputs and low prices for agricultural products led to a debt crisis at the level of small scale farmers, while the debt crisis at macroeconomic levels was solved. Particularly in the cotton sector this crisis at the micro-level manifested itself in more than 15,000 farmers committing suicide in the recent past.

The present *United Progressive Alliance* (UPA) government embarked on a **dual strategy of reducing poverty** and of fighting the weak human development indicators: a) it is preoccupied with **economic growth**, in particular in the industrial and the information technology (IT) sectors and assumes a trickle-down effect; and b) it initiated a *Common Minimum Programme* and direct **anti-poverty schemes** in policies and legislation, such as the *Right to Education Act*, the *Right to Information Act* and the *National Rural Employment Guarantee Act* (NREGA). However, there are large gaps in the implementation of public services and government schemes due to inefficient and corrupt administrations. This has resulted in the poor and marginalised sections of society repeatedly suffering a denial of their basic rights, civic entitlements, as well as in a depletion and misappropriation of their livelihoods.

In 2000, the government of India announced a policy to set up **Special Economic Zones** (SEZs) as a kind of extraterritorial space with regard to domestic regulation, tariffs, duties and trade operations. Following the model of SEZs in China the aim is to enhance domestic investment, attract foreign investment and promote export production as an engine for economic growth. As of June 2007 more than 500 SEZs have been proposed, a number which has raised concerns about sustainability even among the WB and the OECD. The land requirement for these SEZs is – officially – supposed to be around 41,700 hectares, many of them prime farmland, and opens vast opportunities for real estate speculators. However, a growing anti-SEZ movement all over the country opposes the loss of land and livelihood resources, and displacement without proper compensation.¹⁶

As a targeted anti-poverty programme, the **National Rural Employment Guarantee Act**, which came into force in 2006 in 200 poor districts, has been welcomed as a first step towards enforcing the “right to work” and minimum social security by law. It is a political attempt to legally guarantee each rural household access to 100 days of unskilled manual employment per year and thereby to a **minimum income**. As to the objective to reduce poverty and to prevent migration, work which creates durable assets in a community is to be given priority. Adult household members can share the

¹⁶ For reports on resistance against SEZs see:
http://www.infochangeindia.org/IPRItop.jsp?recordno=4784§ion_idv=23

quota of 100 days. At least one third of the beneficiaries are supposed to be women. Men and women are entitled to the same wage, and childcare facilities have to be provided at the work site.

In 2006/7 women's share of the 100 days of employment in India was 40 per cent, varying between 4 per cent in Jammu and Kashmir and 81 per cent in Tamil Nadu. While this reflects the disparities within India, NREGA could still become a tool for women's empowerment and social change in case transparency safeguards are enforced and proper check and balance systems are put in place.¹⁷

Equal wages for equal work under NREGA would be a step forward because the average **gender wage gap** in India is remarkable: women earn only 38 per cent of the average male wage. This indicates the **low value** attributed to **women's work**. Additionally, the following table gives evidence that most of the work done by women is non-market labour, considered "unproductive" and not included in economic statistics. Invisible in statistics, for example in rural India nearly 3 billion days per year are spent gathering fuel and 700 million days processing it i.e. chopping, storing and handling – work almost exclusively done by women.¹⁸

Indicator	Female	Men
Sex ratio	933	1000
Adult literacy (over 15 years) in 2004	47.8%	73.4%
Economic activity rate in 2004/5, rural/urban	32.7%/16.6%	54.6%/54.9%
Total work time, minutes per day (2000)	457	391
Time allocation on market & non-market activities (2000)	35 : 65	92 : 8

Sources: UNDP, Human Development Report 2006; National Sample Survey Organisation (2006), New Delhi

Ironically, while the rate of female literacy is going up and more women acquire higher education and professional qualifications, employment is not increasing at the same pace. Due to public sector downsizing, women's share of public servants decreased from a meagre 11 per cent in 1990 to 5.8 per cent in 2000.

Women are supposed to benefit from trade liberalisation as well as from the export and service orientation of the economy. However, 93 per cent of women work in the unorganised sector and the employees in non-agricultural wage labour comprise

17 For the controversial reports and debates on the implementation of NREGA see: <http://www.nrega.nic.in>, http://www.righttofoodindia.org/rtowork/ega_artcles.html, <http://www.empowerpoor.com>

18 Parikh, Jyoti et.al. (2003): *Toll on Human resources due to lack of Energy, Water, Sanitation and their Health impacts in Rural North India*, in: *Bowling point No 49, 23/26*.

only 17.5 per cent women.¹⁹ It holds true that in urban areas female work participation rates increased – however only to a meagre 16.6 per cent – with a rise in formal and informal employment and self-employment. A significant increase in women’s employment occurred in the booming labour-intensive (and low-paid) manufacturing sectors of textiles, apparels and leather goods and in domestic services, notorious for poor payment and exploitative working conditions. Compared to those low-paid sectors the share of women working in modern and well-paid sectors is minimal: only 0.3 per cent of all urban women workers work in IT services and only 1.4 per cent in financial services. Considering the wage differences in those sectors the dynamics of latest employment participation explain why the average real wage of women workers has even fallen in the recent past and thus has been disconnected from the outstanding aggregate growth rates.²⁰

The EU context: single market, trade liberalisation and gender implications

In the recent past the EU went through a period of simultaneous **enlargement** (from 15 to 27 member states) and **internal integration**. The Lisbon Strategy from 2000 – drafted as a roadmap out of the economic stagnation of the 1990s – stipulated as the strategic goal for a renewal of the union “to become the most competitive and dynamic knowledge-based economy in the world, with more and better jobs and social cohesion” by 2010. The introduction of the euro in 2002 as a single currency,²¹ single tariffs and common trade rules, the ongoing “harmonisation” of administrative procedures and the “reform” of domestic policies altogether aim at strengthening the single market and improving business opportunities internally. At the same time, they are expected to make the EU more attractive to foreign investors and to simplify trade with business operators from abroad. It was, however, a set back for the process of economic and political unification when the proposed European constitution – the legal symbol of unification – was rejected by referendums in France and the Netherlands.

The European Commission declared minimising costs and maximising efficiency the

19 Office of the Registrar General, India (2001): *Census of India 2001; Social Watch Report (2006), A Citizens’ Global Progress Report on Poverty Eradication and Gender Equity*, Montevideo.

20 Employment statistics are based on employers’ records and do not include outsourced home-based work and a great deal of informal work done by women. See: Chandrasekhar, C.P./Jayati Gosh: *Women Workers in Urban India*, 6.02.2007, http://www.macrosan.org/fet/feb07/print060207Women_Workers.htm

21 In 2007 the euro area includes 13 countries.

panacea for ensuring **competitiveness**. The Maastricht treaty introduced a binding regime of fiscal austerity and price **stability** similar to the WB and the IMF structural adjustment programmes for countries in the South. National governments have to stabilise their budgets by **reducing public spending**, cut down essential services, introduce or increase user fees in the health and education sectors and **privatise** public assets and institutions. Funds are withdrawn from social projects run by NGOs. Deregulation and flexibilisation of labour put downward pressure on labour standards and wages. In this trend the famous social and welfare regimes in the EU, including objectives like decent work, social security and gender mainstreaming, are increasingly subordinated or instrumental to the neo-liberal agenda.

Trade liberalisation within the EU is parallel and complementary to progressive liberalisation on a multi-lateral scale. On the backdrop of de-industrialisation, and driven by a strong lobby of service corporations at Brussels, the liberalisation of services is the centrepiece of the EU neo-liberal agenda. Services represent more than 75 per cent of the GDP in EU27. The new directive for the liberalisation of services in the single EU market contains many loopholes for undermining the high social and environmental standards in Western European countries and for cutting down costs at the expense of people working in the service sector, the majority of them women.

In its employment and economic policies the EU stresses the importance of increasing **women's labour market participation** and making effective use of their skills in order to increase the EU's competitiveness and its tax base. Since women's performance in education systems is better than men's they have been seen as an untapped labour reserve. Between 1997 and 2006 the female employment rate increased from 51 per cent to 57.3 per cent.²² This is a shift from the traditional male breadwinner family model, which prevailed previously in Western European countries, to an adult worker model. However, more jobs for women do not at all mean better jobs, and the flexibilisation of gender roles does not automatically mean gender equality. Gender segmentation of the labour market, the gender time gap, and the gender power gap persist and result in a gender wage gap of an average of 15 per cent.

Though more women than men reach a high level of education, subjects of study continue to be greatly segmented reinforcing gender segregation in the labour market. This holds true much more in Western European member states than in the former socialist countries. Only 29 per cent of scientists and engineers in the EU are women – less than in India. The proportion of women in the EU who study mathematics and informatics and work in the IT sector is decreasing and ranges below 20 per cent – less than in India.

²² <http://epp.eurostat.ec.europa.eu>

Women are crowded **at the bottom** of the wage and value pyramid in the labour market. One third of all female salary earners work part-time, along with only 7.7 per cent of male workers. The majority of low-paid, precarious jobs are held by women. Nearly half of all women workers are clerical workers, sales people, un or low-skilled workers. Four out of ten are in the civil service, education, health or social work. The service sector provides 70 per cent of EU employment, and women hold around 80 per cent of all service jobs, the majority in social and domestic areas. Employment policies encourage women to work as freelancers, own-account workers or to start their own small enterprises. Looking at the top end of the wage and value pyramid, women fill only 32 per cent of the posts at managerial level and only 10 per cent of executive positions in the top publicly quoted companies. In political decision-making, women advance slowly: presently, in the national parliaments of the 27 EU member states they hold on average 24 per cent of the seats; in the EU parliament one third.²³

The **feminisation of employment** is highly instrumental to the neo-liberal restructuring of the labour market aiming at deregulation and cost reduction. Women are supposed to be a kind of natural pool for **flexibilisation** because they are expected to combine a paid job and their unpaid care work in the family. The problem of reconciling professional and private lives, and the unequal division of care work and family responsibilities persist. In addition to being the main caretakers of children, women increasingly are taking over responsibility for the care and nursing of the elderly in the aging European societies. This affects their participation in employment. Being integrated into the labour market on irregular, informal and poorly paid terms results in a low degree of entitlements for unemployment allowance or social welfare, leads to small pensions and puts women at a higher risk of old age poverty than men.

Policies of deepening liberalisation

The deadlock of the World Trade Organization (WTO) Doha Development Round gave in the EU and in India impetus for a re-orientation of trade policies from multilateral to bilateral agreements. The EU published in October 2006 its new economic policy "**Global Europe: Competing in the World**" addressing two dimensions: a) "the right policies at home", and b) opening markets abroad through the WTO and free trade agreements. A "new generation of carefully selected and prioritized FTAs" would address in particular non-tariff barriers, domestic regulation, intellectual property rights (IPR), services and "issues which are not ready for multilateral discussion" like investment, public procurement, competition and trade facilitation, the so-called Singapore issues which were rejected by countries of the South at the WTO

23 European Commission (2007): Report on equality between women and men, Brussels.

Ministerial in 2003 in Cancún. Services are called “the cornerstone of the EU economy..., an area of European comparative advantage with the greatest potential for growth in EU exports”.²⁴

India became an important production base and outsourcing destination for EU operators, in particular in manufacturing textiles and clothing and in the IT sector. It qualifies as a new FTA partner of the EU for the following reasons: a) the economic size and growth of its market, b) the high level of protection against EU export and investment interests, and c) its negotiations with EU competitors, particularly the USA.²⁵ At the same time, the EU launched talks on bilateral and biregional FTAs with South Korea, the Association of South-East Asian Nations (ASEAN), the Community of Andean Nations (CAN) and Central America.

	EU	India
Main Trading Partners	1. US 2. China 3. Russia 10. India	1. EU 2. USA 3. China 4. United Arab Emirates
Trade in goods	2001-2005: average annual growth 11% 2005: 20% growth to 40 billion euro	
Imports/Exports	Imports from India: 22,36 billion euro (2006) 1. Textiles & clothing 2. Agricultural products 3. Chemicals	Imports from the EU: 24 billion euro (2006) 1. Machinery 2. Chemicals 3. Gems & jewellery
Trade in services	Average annual growth 10%	
Imports/Exports	Imports from India: 4,6 billion euro (2005)	Imports from the EU: 5,1 billion euro (2005)
Investment	Indian investment: 600 million euro (2003) mainly IT, financial services, heavy industries	EU investment: 2,2 billion euro (2005) mainly power/energy, telecommunications, transport

Source: Eurostat, DG Trade, 7 August 2007 & 24 August 2007

²⁴ European Commission (2006): *Global Europe: Competing in the world. A Contribution to the EU's Growth and Jobs Strategy*, http://ec.europa.eu/trade/issues/sectoral/competitiveness/global_europe_en.htm

²⁵ *Recommendations from the Commission to the Council to negotiate a free trade agreement with India on behalf of the EU and its member states, Draft negotiating mandate, 2006.*

India drafted its first-ever long-term *Foreign Trade Policy* (2004-09) as a roadmap to give a massive push to exports while generating jobs and facilitating India as a “global hub for manufacturing, trading and services”. Based on its aggregate growth rate of 9.4 per cent in 2006 – 25 per cent growth in exports – India already appears as an “emerging global power”. Two new schemes, the *Focus Product Scheme* and the *Focus Market Scheme*, should enhance employment generation in export-related sectors as well as exports to markets which India had neglected until now.

A sequence of talks on bilateral economic partnership and free trade agreements with ASEAN, Japan, China and Thailand was started to promote business ties, investment and access to other markets. The talks with **ASEAN**, initiated in 2003, came to a stall over issues related to India’s long negative list of items to be excluded from liberalisation and the reduction of customs duty on farm products, in particular palm oil, after the rapid development in biofuel production. New Delhi’s demand for extra safeguards for its domestic industry and **Japan**’s earlier attempts to keep agriculture out of the agreements were sensitive areas in the Japan-India negotiations on an economic partnership. They have an ambitious plan to set up a USD 90 billion industrial corridor linking Delhi and Mumbai.²⁶

Bilateral EU-India FTA

Both parties, the EU and India, see the **report of the HLTG** ²⁷ as the basis for the negotiations. The report identifies the common strategic interests of India and the EU, “areas of convergence” and “particular sensitivities”. Both constitute “strategically important markets for each other’s economic operators” and the economic developments complement each other. The common objective for opening doors for trade and investment is to boost growth and employment generation. The major advantage of the European economy is the combination of a strong industrial base with a knowledge base. The major advantages of India are its young skilled population and its innovative knowledge base, in particular in the IT sector.

The HLTG report covers the following nine **areas of mutual interest**:

- Trade in goods: elimination of 90 per cent of tariff lines and trade volume, elimination of non-tariff obstacles;
- Trade in services: substantial sectoral coverage, no mode excluded;
- Investment: national treatment to investors, free flow of financial capital, tool of knowledge and technology transfer, vehicle for stable employment and movement of natural persons;

²⁶ For topical information see: <http://www.bilaterals.org>

²⁷ Report of the EU-India High Level Trade Group to the EU-India Summit, 13 October 2006.

- Trade facilitation: transparency, simple procedures, customs cooperation;
- Public procurement: open and competitive tendering framework;
- Technical regulations: elimination of technical barriers to trade (TBT) and sanitary and phytosanitary measures (SPS);
- Intellectual property and geographical indications;
- Competition policy: real business opportunities, effective domestic competition laws;
- Dispute settlement: consultations preferred as means of resolution but binding state-to-state dispute settlement mechanism.

The HLTG report does not disclose “**red lines**” and preconditions introduced by the two parties. However, apparently the inclusion of the following sectors and issues is highly disputed or already rejected:

- Inclusion of non-trade issues such as references to weapons of mass destruction, human rights and democracy, social and labour standards, environmental clauses have been rejected by the Indian side;
- Agriculture, because both parties take defensive positions on cutting farm tariffs; India is still a vocal critic of agricultural subsidies in the EU;
- Retail sector, because in India there were very strong public protests against the setting up of branches of foreign retailers e.g. Wal-Mart and earlier KFC;
- Extent of cut of Indian import duties on industrial goods; which manufactured goods will India protect e.g. textiles, automobiles, pharmaceuticals, processed food;
- Government procurement;
- Pre-establishment investment liberalisation.

“This will be for India the largest trade agreement we will sign. What we are doing is WTO-plus. It will give a big boost to India.”

Commerce Minister Kamal Nath,
14 October 2006

Key interests of India:

- Prioritising services;²⁸
- Investment-related movement of natural persons referring to Mode 4 in GATS, establishment of a blue-card-system (mimicking the US green card system);
- National treatment for investors operating in the EU;²⁹
- Increase in the export of textiles and clothing to the EU by 46 per cent (worth 3,6 billion euro);

²⁸ India has recently developed its own service industries not only in the IT and consulting sectors but in tourism, financial services and the health sector where for example private clinics attract medical tourism from all over the world.

²⁹ India’s concern about investment is based on a recent conflict: for months the European steel producer Arcelor resisted a take-over by the Indian steel producer Mittal. However, in May 2006 they merged to Arcelor Mittal, now the world’s biggest steel company. Mittal holds 43.4 per cent of the shares and the post of the CEO, headquarters are based in Luxembourg.

- Trade in knowledge-based IT-related services e.g. consultancy;
- Trade facilitation;
- Transparency in regulatory frameworks;
- India is allowed and interested to protect 520 items out of more than 5000 product lines as “sensitive” from tariff cuts.

Key interests of the EU:

- Increase in the export of food products to the Indian middle class,³⁰ a reduction of the high Indian import tariffs on wine and whiskey from Europe (presently 250 per cent and 550 per cent);
- Increase in the export of industrial and manufactured goods by 50 per cent (worth 5 billion euro);
- Financial service liberalisation in the banking sector (presently only 49 per cent foreign ownership is allowed in banks in India);
- Stronger protection of intellectual property rights;
- Government procurement.

“A bilateral agreement would help us to focus on thorny non-tariff barrier issues and to go beyond WTO rules in areas of mutual interest. There is a huge amount of un-tapped potential in the EU-India trade relationship.”

EU Commissioner
Peter Mandelson,
12 October 2006

The transition period for the full implementation of the trade agreement is unusually short: seven years instead of ten years.

Two **economic impact analyses** commissioned by the EU have already been published. Under the assumption that the Doha Development Round will be completed they use various models and scenarios. The impact analysis by CEPII-CIREM³¹ comes to the conclusion that:

- India’s opening will be more pronounced than the EU opening because of the initially high protection in India.
- Indian export of goods will increase, however textile, leather and wearing apparel will make up the bulk of the exports.
- Gains for India will arise only in the case of a sufficient liberalisation of services.
- EU exports to India will quadruple. The EU share of Indian markets will rise more than the Indian share of EU markets.

³⁰ EU Agriculture Commissioner Mariann Fischer Boel said: “The Indian middle class is hungry for exciting food and drink experiences that go beyond Indian cuisine.” *Zee News*, 27 June 2007.

³¹ CEPII-CIREM (2007): *Economic Impact of a Potential Free Trade Agreement (FTA) Between the European Union and India*. http://trade.ec.europa.eu/doclib/docs/2007/tradoc_134682.pdf

The main findings or recommendations of the qualitative analysis by CARIS/CUTS³² are:

- Gains will be higher the deeper the integration,³³ for example more foreign direct investment will foster the transfer of technology, productivity, the exploitation of economies of scale and increase specialisation.
- The liberalisation of the service sector is extremely important for both trading partners, for example market access in IT and telecom services.
- For the sake of deep integration India has to adjust its standards to international norms, reform domestic regulation, and improve transparency and national treatment.

The language of trade negotiations puts emphasis on common interests and values, mutual advantages and on partnership. The recent documents mirror India's emerging economic power and stress the communalities of the two parties as the two "largest democracies in the world", "natural partners", "two global giants" and "mutually important business partners and allies at the world stage". However, the expected **outcome** of the FTA seems to be fairly **asymmetric**: an unequal relationship underpins the trade dynamics due to the fact that India ranks number 10 among EU trade partners while the EU is India's most important trading partner. India will have to open up, cut tariffs and reduce protectionist measures much more than the EU. It is expected that Indian exporters could increase their exports to EU27 by 19 per cent while the FTA could boost EU exports to India by 57 per cent.³⁴

"The gains for developing countries from improved market access through FTAs are not guaranteed, and may be short-lived but the loss of policy space is certain."

UNCTAD, 2007, 59

The 2007 UNCTAD report on *Trade and Development* warns developing countries like India against rushing into bilateral free trade pacts with developed countries, as these reduce their policy space regarding government procurement, services, the public sector, development-focussed trade policies, and alternative growth strategies.³⁵

Social concerns and poverty

The HLTG report embeds the entire free trade agenda into a framework of shared

32 CARIS/CUTS (2007): *Qualitative analysis of a potential Free Trade Agreement between the European Union and India*. <http://trade.ec.europa.eu/doclib/docs/2007/june/tradoc.135101.pdf>

33 *Shallow integration means the removal of tariff barriers, whereas deep integration refers to the elimination of regulatory non-tariff barriers.*

34 Subhan, Malcolm: *What will India gain from the FTA with the EU? New Europe, Issue 738, 13 July 2007.*

35 UNCTAD (2007): *Trade and Development Report, Geneva, 57-65.*

concern for “a social form of economic development”, for fair distribution, and for “a model of growth with equity which is socially inclusive and broad-based”, environmentally friendly and sustainable.³⁶ The mandate authorising the European Commission to negotiate the FTA with India ensures that the agreement “will include commitments by both sides in terms of the social and environmental aspects of trade and sustainable development,” including the promotion of decent work and core labour stands of the International Labour Organization (ILO).

However, the EU document *Global Europe* shows concern about social justice and “the potentially disruptive impacts of market opening” in the EU only. As a response, a European Globalisation Adjustment Fund has been set up in order to “equip people for change” and cushion the worst effects. No concerns for social and development issues in the countries of its trade partners, in particular in the South, are included. And contrary to the social commitment assumed by the HTLG, the Indian government fought off references to social and labour standards suggested by the EU before the start of the negotiations. The CARIS/CUTS analysis of the potential FTA assumes that the adoption of international standards across the Indian economy would be “costly” for producers and consumers.

Both impact analyses focus on economic gains and leave aside the social effects of the FTA. However, social activist Smitu Kothari blamed European investment for reinforcing inequality and environmental harm, being “predatory” in the sense that the value added by Indian labour and resources was used “to make profit for Europe”.³⁷

Recently, the government of Kerala asked the UPA-Government in Delhi to include fish caught by traditional fishermen on the list of sensitive products. It is anxiously watching plans by the EU to import 40 varieties of fish to India which would bring down the price of the fish caught locally, and ultimately lead to a financial crisis of the traditional sector.³⁸

The potential **employment effects** of trade liberalisation have been one of the crucial points of discussion about the impact of trade liberalisation on poverty reduction, social distribution and gender equality.

India’s policies to set up Special Economic Zones are an open invitation to foreign direct investment to enhance export production, create jobs, transfer technology and increase productivity. State governments already formally approved 234 of the more than 500 proposed SEZs a) for labour-intensive manufacturing such as textiles, appar-

37 Cronin, David: *Trade: EU Policies “Predatory”*, IPS, 6 July.2007.

38 UNI, 12 September 2007.

els, leather, footwear, gems, electronics and food parks; b) for ICT and software parks; and c) for capital-intensive industries such as automobile and chemicals. Operations have already started in 63 notified SEZs.

Conversion of agricultural land into industrialised zones, the destruction of resources and environment of the rural communities, and large scale displacement of farmers means a threat to their livelihood, food and water security and rural development. SEZs are depicted as a panacea for unemployment, and new jobs as a kind of exchange for evictions and loss of livelihood. According to the government's prognosis, millions of jobs will be generated in manufacturing and services for rural youth, many of them for young women in labour-intensive manufacturing and food processing, in call centres and the IT sector.³⁹ However, the rural population, scholars and activists critical of the approach suspect that employment generation for local people will be far less than estimated and unable to compensate for the loss of livelihood and land. Skilled labour will be imported from the cities. This is one reason for the massive resistance of the local population against notified SEZs, for example in Orissa and Maharashtra.

War on water and democracy

Women were in the forefront of the battle against *Hindustan Coca-Cola Beverages Ltd* in Plachimada village in the South Indian state of Kerala. From 2001 onwards Coca Cola had caused a severe drinking water crisis in the district by drawing 350,000 litres of ground water daily for its bottling plant in this drought prone area. At full capacity, the plant needed 1,5 million litres per day. Women who are responsible for water provision in their households complained about wells drying up fast and blamed the transnational corporation for "theft" of their community resource and of polluting the environment with toxic heavy metals. The women started a permanent vigil in front of the plant. When Coca-Cola tried to bring water from other sources in lorries to the plant, the women blocked the road and filled their water pots with water captured from the lorries or poured the water from the lorries on their fields.

A local self-government institution, *Grama Panchayat*, cancelled the licence of the plant because it failed to meet the condition of not using ground water, and the High Court ruled that ground water is common property. Coca-Cola had to suspend its operation in the village but started a legal battle against the local governance

39 <http://sezindia.nic.in.HTMLS/about.htm>

institution dismissing the right of a village council to decide whether industrial projects can be located within the community. Coca-Cola insists that only the state and the central governments have jurisdiction over its operations. The *Anti-Coke Agitation Council* based in the village with its supporters based all over India clashed with the Coca-Cola factory workers and their families who demand the re-opening of the plant.

In August 2007, Kerala state government confirmed that the village council's jurisdiction over such projects is constitutionally guaranteed. Thus the decision strengthened the Gandhian concept of village democracy and self administration.⁴⁰

Unlike the global trend towards the **feminisation of employment** with 80 per cent women in labour-intensive export industries, the share of women workers in export processing zones (EPZs) in India has never been that high and declined over time from 48 per cent in 1991-2 to 36 per cent in 2000-1. However, female workers are used as a flexible labour reserve according to fluctuations in export demand. Thus, the proportion of casual compared to permanent employment has increased. Low-paid assembly line work offers few opportunities for the development of skills and upward movement. The turn-over of workers is high. Feminisation is a strategy to ensure labour market flexibility at a low cost to the employer.⁴¹ Until now a great deal of export manufacturing in textiles, clothing and leather products has been outsourced to sweatshops where in particular women and children face highly volatile, hazardous, unregulated and exploitative working conditions. Therefore the benefits of increased export production for women in terms of decent work, income, and social security are highly ambivalent, and core labour standards are a question of survival for the most vulnerable workers in the value chain.

Another sector where people are scared to lose their livelihood is **retail**. Small shop owners, petty traders and street vendors, the highly fragmented food and grocery sector worth 200 billion euro see corporate retail chains, both domestic and foreign, as a threat to their business. In May 2007 vegetable sellers attacked new stores of the large food retailer Reliance. The Indian retailer opened 100 large food stores recently and is planning to open more "hypermarkets". The *India FDI Watch Campaign* and hawkers' unions held massive protests against Wal-Mart's "back door" entry into India through a joint venture with Sunil Bharti Mittal. They oppose not only "mall culture" but also the change in the Food Safety Bill which they blame for uprooting small

40 Various articles by India Resource Center <http://www.indiaresource.org/campaigns/coke>

41 Neetha N./Varma, Uday Kumar (2004): *Labour Employment and Gender Issues in EPZs. The Case of NOIDA Export Processing Zone*, V.V.Giri National Labour Institute, NOIDA.

retailers and food hawkers in the name of safety – a requirement put forward by the EU. Tesco from Britain and Carrefour from France are only waiting for the proposed change in investment laws to enter the Indian market. Marks & Spencer and Planet Sports, its Indian franchisee, have aggressive expansion plans including 50 new M&S stores all over India in the coming years.

Another major social concern is the potential impact of trade liberalisation on poor people's **access to essential services**, in particular health, and their property of community-based **knowledge systems** which both are under threat as a result of new patent laws and privatisation. Enhanced enforcement of intellectual property rights (IPR) will put medical services and essential drugs due to a price hike out of the reach of needy women like anaemia and breast cancer patients.⁴²

While IPR extend legal recognition to individual (corporate) rights only they undermine protection of community-based property of knowledge and its use. Permitting **patents on seeds** and life forms like micro-organisms will result in a price hike on seeds and agrochemical inputs while restricting the use of community-owned seeds. It will result in an increased privatisation of genetic resources and agricultural knowledge; further undermining biodiversity with adverse effects on subsistence farming mostly done by women, and local food security.⁴³ Taking into consideration that the majority of Indian women make their living in the agricultural sector it is highly questionable how they could benefit from trade liberalisation with the increased import of agri-inputs, seeds, agricultural products and processed food.

Amazingly, there is a complete shift in the **discourse on population** growth. While the high Indian birth rate has been blamed for decades as being the main reason for poverty and "underdevelopment", now the large pool of young people is perceived as a comparative advantage of the Indian economy and a reason for its high growth rate. While target-oriented incentive-based family planning programmes are still operated in the Indian countryside, in over-aged European societies incentive-based family policies attempt to encourage women, in particular professional women, to increase the low birth-rate in order to enhance the economic growth rate.

Evidence of trade liberalisation in other countries shows that free trade mechanisms are not the promised win-win-game; on the contrary they create more gaps, contradictions and **splits within society**. Big corporate firms benefit while – contrary to

42 Gopakumar, K.M./ Biplove Choudhary (2007): *Case Study: Trade Related Intellectual Property Rights (TRIPS) and Gender Linkages in India*, in: GATI/Commonwealth Secretariat: *Gender and Trade Newsletter*, Vol 1, Issue 1, 4f.

43 UNIFEM/GATI (2006): *WTO and Gender Concerns in South Asia*, New Delhi.

sweeping statements made by trade policy-makers – a large section of the poor are either left behind or adversely affected. While **economic growth** rates are increasing, the gap in **social growth** in terms of human development, social equality, gender justice as well as resource protection is widening. Small and medium enterprises, small farmers and producers, craft people, petty traders and street vendors – many of them women – are displaced by export production, out-competed by cheap imports and suffer most from the rising prices for inputs and essential services. In India, poor people who get uprooted from traditional livelihoods in farming, food processing, manu-

“Trade and trade policies have today become fundamentally important tools in the fight against poverty”.

WTO Director
Pascal Lamy
6.10.2005

facturing or trading are without any safety net. Given the traditional gendered household distribution patterns in India which disadvantage female family members in their access to food, essential services and education, women will not have easy access to alternative survival strategies or employment avenues.

However, although the people at the bottom end of the value chain, household and downstream producers, do not have a powerful lobby voice, they have a fairly strong voice for **protest**. Given local resistance against the loss of livelihoods due to the privatisation of resources in particular water, against eviction because of SEZs, and against retail chains, more social protests of local communities against domestic and foreign investors and big business are to be expected. At the same time, the emerging urban middle classes are strong supporters of neo-liberal modernisation and economic reforms because of the range of opportunities for making quick money and a whole new realm of consumerism unfolding in front of them.

Seeds and knowledge sovereignty

Deccan Development Society (DDS), an NGO in the barren region of the Deccan Plateau in central India, organises a sustainable development initiative for landless and small farmers, in particular women from Dalit and Adivasi communities⁴⁴, around seeds and traditional knowledge systems. The attempts to save traditional seeds, grain and vegetable varieties, and the revival of a mixed cultivation system was started in response to the Green Revolution and the high-yielding varieties of rice, wheat, sorghum and cotton. They are unsuitable to the arid soils of small peasants who can't invest in motorised pumps for irrigation, fertilizers and agrochemical inputs, and thus drove them into a cycle of debt,

44 Dalits = members of low castes, adivasi = indigenous population.

impoverishment and food scarcity. However, the high-yielding varieties promoted by the government and multinational seed companies marginalized traditional varieties, and made local species disappear. Where in the 1960s more than 80 different varieties of millet, grain, pulses and lentils were used, today only 20 to 25 remain. Exchange or selling of seeds and re-sowing used to be common practice in the traditional farming system.

One initial problem for the women was to procure the seeds that many believed had been lost. Gradually, the old varieties were collected from relatives, neighbours and communities in other villages. Self-help groups of women in 75 villages are in charge of “rediscovering”, collecting and distributing seeds, savings and credits, the production and sale of composts, biological pest control and traditional herbal remedies. They regained control, community control, over resources, the agricultural process and community knowledge.

Women who knew best about the characteristics of each variety became seed keepers who store, multiply and distribute the precious seeds. They started to document their knowledge, discuss properties, cultivation methods and possible uses. A group of village women who have learnt to handle video cameras record the process. Furthermore, the results are neatly transferred to a community biodiversity register, and confirmed as their joint common traditional knowledge by a thumbprint or signature of all village women. One copy of the register remains with the local governance institution, the village council, another will be stored with the national patent office.

The Dalit and Adivasi women do not sit at the negotiating table with governments and corporations. Their struggle against “bio-piracy”, the theft and patenting of organisms and knowledge by corporations, starts with the documentation of their shared traditional knowledge. DDS networks with the *Coalition in Defence of Diversity* who does this kind of stock-taking all over the region and alerts people in case the bio-prospectors of food and agro-corporations of pharmaceutical companies turn up. The coalition demands the primacy of farmers’ rights over corporate rights. DDS successfully moved people’s agriculture away from mainstream markets by reorganizing people’s markets and initiating alternative public distribution systems, thus moving forward to food sovereignty.⁴⁵

45 <http://www.ddsindia.com>; EED/Uwe Hoering (2002): *Fruits of Diversity. Global Justice and Traditional Knowledge*, Bonn.

Negotiation process

On 28 June 2007 talks on a bilateral free trade agreement between the Government of India and the EU were launched by G.K. Pillai, India's Commerce Secretary, and David O'Sullivan, Director General for Trade at the European Commission, in Brussels, Belgium.

Contrary to commitments made by the two "largest democracies in the world" to "democracy, pluralism, human rights and the rule of the law" and to civil society exchange in their *Joint Action Plan*, the process of negotiating the bilateral agreement is not transparent and is done in **secrecy**. The explanatory memorandum authorising the European Commission was announced to the press but not made public before the start of the negotiations. In India, civil society organisations guess that the government drafted a mandate for the 2. round of negotiations in October 2007. But it is highly confidential and has only been discussed in the core committees of the Ministry of Commerce. While the second round of talks took place in New Delhi, India's commerce department was busy identifying 520 items that would be shielded from the planned tariff cuts by holding consultations with stakeholders like the Federation of Indian Chambers of Commerce and Industries, FICCI.

While the confederations of big business on both sides are involved in trade policy-making, representatives of the NGO sector are not invited to consultations. The EU mandate for the FTA negotiation foresees a "more detailed **Sustainability Impact Assessment**" in parallel to the negotiations as well as a monitoring of the implementation of the social and environmental commitments "through review and public scrutiny". Civil society organisations on both sides have to make sure that gender aspects will be included in the SIA, in the reviews and monitoring. However, since normally the SIAs have a strong liberalisation bias and formulate flanking measures only, they cannot be considered to be an independent test for the overall fairness or appropriateness of the trade and investment regulations.

Due to severe lack of information, the dynamic and outspoken Indian **civil society** and NGOs up to now did not get involved with bilateral FTAs and did not link the protests on the ground against the privatisation of resources, against foreign investors like Wal-Mart or KFC or against the SEZs to the ongoing bilateral negotiations on further market and trade liberalisation. They still have to explore the possibility of referring to the *Right to Information Act*, to the judiciary power of the local governance institutions, and how to hold the government of India accountable for transparent and democratic trade negotiations.

European networks critical of the corporate agenda of trade liberalisation analysed

the *Global Europe* strategy and its focus on bilateral FTAs. They foresee for both sides more deregulation, a downward pressure on wages and labour standards and shrinking policy space, democratic decision-making and domestic regulation of the economies. They warn developing countries against a possible collapse of unprotected domestic industries and of agriculture due to competition by EU corporations and agribusiness.⁴⁶

Conclusions

While concerns about poverty, social equality, environment and gender feature prominently in the *Country Strategy Paper* and development programmes, in trade negotiations they are marginalised and are no determining factors for liberalisation and trade regulations. Social, environmental, human development and gender issues are considered to be development issues while – apart from the general assumption that trade is favourable to poverty reduction – trade and investment policies are disconnected from social concerns, and seem to be socially and gender-neutral. Social and environmental costs are supposed to be cushioned by development programmes but not included in economic calculations. With regard to sustainable and human development goals there is no **coherence** between development and trade policies. However there is a tendency towards coherence with regard to trade objectives because development programmes increasingly are geared towards creating a favourable business and trade environment.⁴⁷

There is an urgent need to go beyond the usual statements that trade liberalisation always entails opportunities and threats. Critical reviews of the so-called benefits and costs for gender have to be undertaken in specific sectors. More critical reflection should explore in depth the impact of trade liberalisation on gender justice and

46 See the Seattle to Brussels Network: <http://www.s2bnetwork.org>

47 The suggestions made by Veena Jha, former project coordinator of the UNCTAD India programme, to strengthen the linkages between trade liberalisation and poverty reduction have a strong neo-liberal bias. Without discussing any local alternatives to trade liberalisation she recommended:

- The liberalisation of poverty-sensitive sectors e.g. agriculture, textiles and garments and other labour-intensive sectors;
- The liberalisation of mode 4 in service trade;
- Wider and deeper liberalisation among developing countries;
- The elimination of non-tariff barriers in areas of comparative advantage of developing countries

(UNCTAD Project Activities: Workshop on the Role of Trade in Combating Hunger and Poverty: The Case of India, 4 July 2006, Hyderabad).

ask whether the patterns of unequal development instead of fair distribution and social justice persist. For example in the focal sector of services:

- The expansion of tourism entails a loss of livelihood resources, for example water for the local population. Most of the service jobs go to men, and the expanding entertainment and sex industry recruits women.
- Jobs in the glitzy modern sector of information and communication technology are attractive to young, mostly unmarried women because of the high salaries paid even to beginners. However, for women in call centres and back-office operations there is a clash between economic interests and cultural norms: they have to do night shifts because India's comparative advantage lies in its time zone between North America and Europe. The turn-over is fast because the work is strenuous and boring, does not offer career opportunities and makes it difficult to balance work and a social or family life. In software engineering and programming women constitute a quarter of the employees. What gender implications are hidden in the seemingly gender neutral "movement of natural persons" which is a top priority for the Indian trade negotiators?
- The liberalisation of financial services has already brought higher transaction fees, the closure of bank branches in rural areas, increased focus of foreign and domestic private banks and insurers on wealthy clients, poor regulation of cooperative banks leading to bank failures, hike in speculative lending. Is the entry of large foreign banks and insurance companies beneficial to development, rural and social banking and social security in India? What gender implications are there?
- The entry of big retailers and food chains like Metro into the Indian market will have repercussions on the supply of agricultural products for the hypermarkets. Which possible impact will this have on farming patterns, on the expansion of contract farming, on the further integration of genetically modified organisms, and food security of the poor rural population?

However, beyond the problem of balancing social and environmental costs and economic benefits the general assumption that trade liberalisation is a means to poverty elimination and a more equal distribution of resources in society has to be questioned.

Trade and investment policies should revalue the grassroots of the economy, giving support to local and regional production, exchange and supply, as the basis of needs- and rights-oriented provisioning and trade. Fair rules for domestic as well as transnational trade are informed by:

- Human rights and social justice;
- Recognition of the right to protect industries and markets, in particular regarding food sovereignty;
- Policy space and regulatory capacity for governments, involving national parlia-

- ments and local governance institutions in democratic decision making;
- Fair prices to producers and consumers;
 - Decent work and core labour standards;
 - Universal essential services;
 - Energy and resource-saving technologies.

Civil society organisations in the EU and India have to deepen their networking in order to exchange information and views on progressive trade liberalisation on both sides and their opposition against the corporate-driven free trade agenda. WIDE and other EU-based networks want to halt the EU's new trade policies' focus on competitiveness and on corporate rights contributing to unequal, unsustainable and unjust growth and development dynamics in India. In its transcontinental networking WIDE wants to carve out glocal strategies – meaning from the local to the global – for awareness raising on trade negotiations and their impact, and open spaces for reflection and resistance linking concerns about gender justice and global economic justice.

WIDE

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