

Secret Negotiations behind Closed Doors: The EU-India Free Trade Agreement, Devastating Economic and Social Impacts

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On the eve of the upcoming ministerial level meeting between Indian Commerce Minister Mr. Anand Sharma and EU Trade Commissioner Karel De Gucht, industry and civil society call on the government to reconsider its decision to sign the EU-India FTA. The ministerial meeting is scheduled to be held in Brussels on April 15 to conclude the trade deal.

Secret negotiations began in 2007, covering a wide range of areas; trade in manufactured goods, agricultural products, and services; investment rules; government procurement; and intellectual property rights, among other issues.

Worryingly, the Indian Commerce Minister may choose to concede hastily to EU's demands to conclude the talks and rush with signing the agreement – which will become binding and set a precedent for future FTAs.

The government claims that inking of the FTA will provide a great boost to the Indian economy, but Europe stands to gain a lot more. Almost 68.9% of Indian farm exports and 64.3% of other goods already go to EU duty free.

“In reality, the FTA proposes to lower tariffs for EU's heavily subsidised agricultural exports that will flood the domestic market, threatening farmers across the country”, said Yudhvir Singh, leader of Bharatiya Kisan Union (BKU).

The EU wants to export its heavily subsidised dairy products – which actually make their dairy products cheaper than the cost – to the burgeoning food market within India.

The government has encouraged the co-operative model in the dairy sector with active policy protection. “It does not make sense that now dairy trade will be opened up to unfair competition from subsidised European exports under this FTA, just when it shows potential to grow into a vibrant industry”, said R S Sodhi, Managing director of the country's largest milk cooperative Gujarat Co-operative Milk Marketing Federation (GCMMF), which owns and markets Amul brand of dairy products.

“This will rob the domestic dairy industry and 80 million farmers that are connected to it, from their rightful access to a growing market within India”.

On intellectual property (IP) EU is asking India to go beyond the WTO TRIPS Agreement. EU is insisting on clauses that blindly enforce IP rights of multinational pharmaceutical and agrochemical companies, aimed at intimidating generic manufacturers by undermining the

judicial system. “We can draw parallels to the Anti-Counterfeiting Trade Agreement. The EU-India FTA reaches the level of IP enforcement standards that ACTA was intended to reach”, said Dr. Gopakumar Nair, Chairperson, IPR Committee, Indian Drug Manufacturers Association.

It’s not just the dairy or the pharmaceutical sector that will be affected by the signing of the FTA.

“In a post-crisis world full of financial risks and uncertainties, greater market access to crisis-ridden European banks could potentially weaken an otherwise stable banking system in India. India should reconsider the proposal of the EU to liberalise financial services which includes banking and insurance sectors till the regulatory issues raised by the global financial crisis are resolved”, said Kavaljit Singh, Director, Madhyam.

EU is also asking India to legally guarantee that liberalisation of the foreign direct investment (FDI) regime in service sectors including retail and insurance will not be rolled back.

“India should not legally commit to policies on FDI under this FTA, especially in critical sectors like retail, which will make any future change impossible. The government cannot seal this issue at the behest of EU while a national debate is still ongoing on the subject”, said Mr. Praveen Khandelwal, Secretary General of Confederation of All India Traders (CAIT).

The FTA will continue the trend of undermining India’s policy space in key sectors. Measures on investment could see the Indian government sued by multinational companies for billions of dollars in private arbitration panels outside of Indian courts if national laws, policies, court decisions or other actions are perceived to interfere with their investments.

Looking at the impact on different sectors, the Parliamentary Standing Committee on Commerce in January announced that it was going to examine the impact of free trade agreements in India.

Members of the committee met yesterday and expressed strong concerns over any move to sign the EU-India free trade agreement without taking note of the committee’s views. The chairman of the Committee has officially written to the Prime Minister on Thursday, asking him to put off signing of the India-EU free trade agreement (FTA) till the committee deliberates on the issues raised before it and submits its report to Parliament.

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