

TRADE INVADERS

How big business is driving the EU-India free trade negotiations



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Published by:
Corporate Europe Observatory
Rue d'Edimbourg 26
1050 Brussels
Belgium
ceo@corporateeurope.org
www.corporateeurope.org

India FDI Watch
DA-268, SFS Flats
Shalimar Bagh, Delhi-110088
India
indiafdiwatch@gmail.com
www.indiafdiwatch.org

Authors: Pia Eberhardt (Corporate Europe Observatory) & Dharmendra Kumar (India FDI Watch)
Editing: Helen Burley (Corporate Europe Observatory)
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India and the EU launched negotiations on a far-ranging free trade agreement (FTA) in 2007, including trade in goods, the deregulation of services, investment, government procurement and the strict enforcement of intellectual property rights. The aim is to conclude the agreement in early 2011. But there are major concerns, prompted by the scant information that has emerged from the negotiations, that the EU-India FTA will in fact fuel poverty, inequality and environmental destruction.

This report examines industry's demands and corporate lobbying strategies on both sides of the talks. Powerful corporate sectors, including banking, retail and manufacturing, are demanding access to the Indian market – exposing rural farmers, small traders and businesses to crushing competition. Big Pharma's proposals to strengthen intellectual property rights could endanger the availability of affordable generic medicines for the treatment of AIDS, cancer and malaria, not just in India but across the developing world. In Europe, corporate India's market access agenda is likely to lead to job losses in the automobile and textiles sector, increased pressure on health, quality and labour standards.

The report also highlights how business interests have been granted privileged access to policy makers on both sides of the negotiations, allowing them to effectively set the FTA agenda. The issues raised by public interest groups, in contrast, have been largely ignored.

When India Inc. meets Global Europe

With saturated markets and stagnant growth rates at home, EU businesses and politicians are keen to get unhampered access to the vast Indian market. They have identified the FTA with India as one of the priorities for the EU's aggressive Global Europe trade strategy. India, on the other side, has increasingly turned to export-driven growth, particularly in services, which it wants to sustain even though hundreds of millions of Indians have not benefited from that model. With the EU India's biggest trading partner, the EU-FTA is particularly important for India's corporate sector.

The EU's corporate driven trade agenda

European industry has put forward a range of demands including the full liberalisation of trade in industrial goods; the elimination of almost all agricultural import tariffs; the dismantling of investment regulations in sectors such as banking, insurance, telecom, retail and postal services; the liberalisation of the trade in services including for highly speculative financial instruments; a ban on export restrictions to secure access to raw materials; the liberalisation of public procurement markets; the ease of migration of key personnel; and the protection of intellectual property rights beyond the requirements stipulated by the World Trade Organisation (WTO). The FTA, however, business says, should not be linked with social or environmental standards.

The EU Commission has assured EU industry that “we must decide together what we want, then work out how to get it”. It has established a plethora of channels for the close and exclusive consultation of corporate interests. Before the launch of the negotiations, industry’s wish-lists were collected in a detailed questionnaire and special contact persons were put in place. In countless exclusive meetings and email exchanges with the EU’s negotiating team, business has been given sensitive information about the on-going talks and has been invited to provide details about problems they face in penetrating the Indian market. In Delhi, the EU delegation, the European Business Group in India and the Commission-sponsored European Business and Technology Centre have acted as brokers for corporate interests and as information hubs for EU-negotiators.

Three corporate lobby battles – for the extension and tough enforcement of intellectual property rights, the dismantling of tariffs and for opening up the Indian retail market to giant European supermarkets – illustrate how big business has used its relationship with the EU Commission to inscribe its interests into the EU negotiation agenda. The Commission has also activated corporate lobby campaigns to back up its own corporate agenda.

India’s corporate-driven trade agenda

Indian industry has demanded more access to the European services market; an EU-wide work permit and relaxed visa restrictions to make it easier for their employees to move around Europe; the elimination of 95% of the EU’s tariffs; relaxed quality and health standards and the ability to challenge any future regulations that might hamper Indian exports to the EU. Internally, big business has been campaigning to open up the Indian retail sector and parts of the corporate sector want to strengthen intellectual property rights in India. But India Inc. is opposed to radical tariff-cuts on its side and an FTA with labour and environmental standards attached to it.

Big business is being given privileged access to the FTA-negotiating agenda. Both, the Ministry of Commerce and the Prime Minister’s office receive advice from bodies representing India’s biggest companies. India’s business organisations the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) were the only non-government participants in the EU-India High Level Trade Group, the body which nailed down the broad parameters of the future FTA-negotiations in 2006. Subsequent consultations about the ongoing negotiations also had a strong business bias.

Indian companies also target the EU at lobby lunches and dinners all over Delhi

and through organisations such as the Europe India Chamber of Commerce and the Indian Embassy in Brussels. Corporate India is increasingly hiring professional lobby firms to influence the debate in the EU capital, for example, on the issue of easing labour migration. Lobbying is also happening at EU member state level.

Behind closed doors, not listening to the people

The EU-India FTA negotiations are conducted behind closed doors, with no negotiating text or position yet made available to the public. Requests for access to meaningful information by Parliamentarians, state governments and civil society in India and Europe have repeatedly been turned down.

In the absence of transparency, labour unions, informal workers associations, anti-poverty, environmental, women, farmer and public health groups in India and the EU have called for an immediate halt to the negotiations until all information is released and broad consultations including with the most affected groups in India and the EU have been held.



1 INTRODUCTION

Since 2007, India and the EU have been negotiating a far-ranging free trade agreement (FTA). It covers the liberalisation of trade in goods, the deregulation of services, investment and government procurement, the strict enforcement of intellectual property rights and many other points. Various thorny issues remain to be resolved. But both parties want to conclude the negotiations in early 2011.

Despite this envisioned speedy show-down, the public in both India and the EU know very little about the potential consequences of the free trade pact. Negotiations have been shrouded in secrecy, with no text or position as yet disclosed to the public, not even on request.

The little information that has been leaked, though, has given rise to serious concerns among trade unions, farmers' and women's movements, anti-poverty campaigners, public health and human rights organisations on both sides of the talks. They fear that the EU-India FTA will fuel poverty, inequality and environmental destruction and have repeatedly called for an immediate halt to the negotiations – until all information has been published and genuine public debates have taken place.

Big business, on the other side, seems to be satisfied with the negotiations. And the coming pages will show why. In the EU, a powerful alliance of the EU Commission and corporate lobbyists using numerous channels and fora have forged a joint corporate negotiation agenda, which they pursue through the official trade talks, but also via other diplomatic avenues. In India, where serious debate and research on corporate lobbying are only just beginning, the government is also teaming up with industry to develop its trade policy, deliberately leaving Parliament, state governments and civil society in the dark.

The result of this incestuous relationship between corporate interests and public authorities on both sides of the EU-India FTA-negotiations is an unsavoury big-business-first agenda. It should worry anyone who is concerned about social or ecological justice or democracy. And it should provoke them to do everything possible to roll back corporate power over EU and Indian trade policies.

2 INDIA INC. VS. GLOBAL EUROPE – THE EU-INDIA FREE TRADE AGREEMENT IN CONTEXT

India's liberalisation process began in the early 1990s when the country received a US\$1.8 billion loan from the International Monetary Fund to tackle a dramatic debt crisis. The loan required radical 'structural adjustment', including deregulation, privatisation, the liberalisation of imports and the boosting of exports. The Rupee was significantly devalued and foreign direct investment (FDI) automatically allowed in many sectors. The 1995 World Trade Organisation (WTO) agreements further opened the Indian market.

India's liberalisation offensive, however, did not mean that the government withdrew from the economy. It began to provide massive support for key industries such as information technology (IT), business services, automotives, steel, telecommunications, chemicals, textiles and agri-foods¹. The result was the spectacular growth of the Indian corporate sector and a massive expansion of personal wealth for some. Today, seven Indian companies rank among the Fortune Global 500 list of corporate giants, including Reliance Industries (oil & gas), Tata Steel and five companies, which are majority-owned by the Indian government². Two Indians, Mukesh Ambani (Reliance) and Lakshmi Mittal (Arcelor-Mittal), are among the five richest people in the world³.

But hundreds of millions of Indians have been excluded from this corporate success (see box 1). They bear the brunt of an increase in unemployment, a deepening of social inequality and a severe crisis in the agricultural sector, which accounts for 60% of the country's households⁴. Nearly half of the 89 million farmer households in India are reported to be in debt⁵. Every 30 minutes an Indian farmer commits suicide, with an estimated total of 182,936 farm suicides between 1997 and 2007⁶.

As a result of this deep agricultural crisis, India has shown some reluctance to liberalise agricultural trade. The country is also cautious about further opening its industrial sectors. But with services accounting for ever larger shares of the GDP – 29% in the 1980s, 41% in the 90s and more than 57% today – India has become one of the most aggressive advocates of service trade liberalisation⁷. And the country wants to continue on the path of export-driven growth. By 2014, India expects to double its exports of goods and services and by 2020 it wants to double its share of the world economy⁸.

Against the backdrop of uncertain progress in the WTO-negotiations, India has turned to bilateral and regional trade negotiations to pursue this agenda. It has recently signed free trade agreements with the Association of South East Asian Nations (ASEAN), Korea, Sri Lanka and Singapore. It is at different stages of FTA negotiations with the EU, the European Free Trade Association (EFTA), Mercosur and Japan and is also eyeing up China, Australia and the US as potential negotiation partners.

With the EU India's biggest trading partner, the EU-India FTA is particularly important. In 2008, 17% of India's imports came from the EU and 21% of the country's exports were sold there. Yet, the country faces a yawning trade deficit of nearly €8,000 million (INR 45,664 Crores⁹) with the EU¹⁰.

For the EU, India is only the 10th biggest trading partner. It is the destination of only 2.4% of the EU's exports and the origin of 1.9% of its imports¹¹. But India's market of more than 1 billion people, its burgeoning middle class and its impressive growth rates have whetted the appetite of European firms. Hence the huge



India – country of contrasts
Photos: Eshm, Bharath Achuta Bhat,
zz77 – all Flickr



importance that European industry and EU officials ascribe to the EU-India FTA.

"THE POTENTIAL IN INDIA IS ABSOLUTELY GIGANTIC. WE TALK ABOUT 1.2 BILLION INHABITANTS, ALL OF THEM POTENTIAL CONSUMERS OF SERVICES. WE JUST THINK THAT IT WOULD BE A GOOD IDEA TO HAVE A LITTLE PART OF THAT CAKE."

PASCAL KERNEIS, DIRECTOR OF THE EUROPEAN SERVICES FORUM¹²

"OUR DOMESTIC MARKET IS SHRINKING SO OUR BOYS HAVE TO GO FOR ASIA, PARTICULARLY INDIA."

GERMÁN LORENZO OF SPANISH INDUSTRY CONGLOMERATE MONDRAGON AT AN EU-INDIA BUSINESS MEETING, MADRID, JUNE 2010¹³

The FTA is part of the EU's aggressive Global Europe trade strategy, a blueprint for enabling European multinational companies to penetrate every corner of the globe¹⁴. It was launched in 2006 after enormous pressure from business groups to support EU businesses in competing globally. Nearly half of the world's 100 largest multinationals have their headquarters in the EU¹⁵. They are highly dependent upon export markets for their products and services and on the imports of inputs, particularly raw materials. And these companies are losing ground as new players from emerging countries enter the global market¹⁶.

Global Europe's response to this challenge is threefold: first, open new export markets for European industry, particularly in Asia; second, protect industry's property rights abroad; and third, guarantee unhampered access to the world's

raw materials. To that end, tariffs on EU exports have to be abolished and a wide range of domestic policies which stand in the way of European business are being challenged, including regulations or mere differences that make it harder to do business, investment rules, standards, intellectual property rules, subsidies and government procurement policies.

The EU has pursued this market opening agenda in the World Trade Organisation (WTO) and in bilateral and regional FTA negotiations. Since the launch of the Global Europe strategy, the EU has concluded far-reaching agreements with Korea, Colombia, Peru and the Central American region. Negotiations with Singapore, Canada, Mercosur, Ukraine and dozens of countries from Africa, the Caribbean and the Pacific are ongoing. The deal with India, however, seems to be the number one priority. To quote Adrian van den Hoven, director of BusinessEurope's international relations department: "The EU-India FTA is hugely relevant for us. I would say it's probably the most important FTA under negotiation."¹⁷

"THE EU-INDIA FTA IS HUGELY RELEVANT FOR US. I WOULD SAY IT'S PROBABLY THE MOST IMPORTANT FTA UNDER NEGOTIATION."

ADRIAN VAN DEN HOVEN, DIRECTOR OF INTERNATIONAL RELATIONS DEPARTMENT, BUSINESSEUROPE

BOX 1: THE DARKER SIDE OF SHINY INDIA

In Europe, India is often presented as an economic titan and the EU-India FTA is dubbed as an agreement between equals. But the emerging Asian giant is not only home to skyrocketing economic growth rates and a burgeoning middle class.

India has the highest concentration of poor and hungry people on the planet. Estimates of the proportion of its people falling below the poverty line vary from about 40% (World Bank) to 77% (2007 report commissioned by the Indian government)¹⁸. Around 35% of India's population and nearly half of its children are undernourished¹⁹. More than 128 million people have no access to improved drinking-water sources and 665 million have no toilet²⁰. More than 20 million children of primary school age do not go to school and an estimated 12.6 million are engaged in child labour (out of a total of 210 million children aged 5-14 years)²¹.

India's per capita GDP stood at US\$ 1,031 in 2009, ranking it 139 out of 180 countries – behind, for example, Ivory Coast, Nigeria, Sudan, Bolivia, the Philippines, Sri Lanka and the Democratic Republic of Congo²². On the Human Development Index, which measures people's well-being according to criteria such as life expectancy, literacy and living standards, India ranks 134 out of 182 and lies behind countries such as Thailand, China, Honduras and Botswana. The country is doing particularly badly when it comes to life expectancy at birth and the probability of not surviving to the age of 40, at 15.5%²³. Only Bangladesh has a higher percentage of underweight children (47% instead of India's 46%), with both countries almost twice as many as Sub-Saharan Africa²⁴. In the Gender Related Development Index (GDI) India takes a very poor position of 139 out of 155 countries²⁵.

3 THE EU'S CORPORATE-DRIVEN TRADE AGENDA

BOX 2: BIG BUSINESS AT THE HEART OF THE EU'S TRADE POLICY

Since the 1950s, the EU has had a common trade policy, which means that it functions as a single actor in trade matters. The Brussels-based EU Commission negotiates EU trade agreements on behalf of the Union's 27 member states. It obtains a negotiating mandate from their governments, which also have to approve the final deal. Since the entry into force of the EU's Lisbon Treaty, the European Parliament has also to give its consent to new trade agreements. But the Commission remains in the driving seat of EU trade policy, which is why it is the main target of corporate lobbyists.

And Brussels is full of them. An estimated 15,000 professional lobbyists roam the corridors of the EU capital, 70% representing big business. The city is home to more than 500 transnational corporation offices, over 1,000 industry associations and nearly 300 "hired gun" consultancies that are ready to execute every well-paid commission to lobby. Many of their staff used to work in the EU institutions and know exactly who and how to lobby. And they have enormous resources at their disposal. In 2009, the European chemical industry lobby CEFIC, for example, spent more than €44 million (INR 251 Crores) on influencing the EU institutions, employing over 160 lobbyists in Brussels – on top of thousands of people doing the same job for chemical companies and their national associations²⁶.

When it comes to trade policy, the EU Commission works hand in glove with corporate lobbyists. It has been shown to have developed its overall trade agenda, the Global Europe strategy, in close cooperation with the European employers' group BusinessEurope²⁷. BusinessEurope and other industry groups are regularly invited to exclusive meetings, where they are given access to sensitive information about ongoing trade negotiations – information that is withheld from public interest groups. The Commission also pro-

vides business with a place in the EU's market access teams, working in Brussels and on the ground in 30 countries outside the EU to identify and get rid off whatever regulation stands in the way of European exports.

The Commission also has a record of "reverse" or "top down lobbying"²⁸. Its aim is to actively encourage the creation of business structures which support the Commission's own corporate agenda. In the late 1990s, then Trade Commissioner Leon Brittan invited the chairman of Barclays Bank to set up the European Services Forum (ESF), which has proved to be a driving force behind the EU's aggressive global push for liberalised services markets ever since. More recently, the Commission set up a bi-regional business forum – the Business Trade Forum EU-Southern Africa – to provide active support for its controversial EPA negotiations with countries from Africa, the Caribbean and the Pacific. Together with BusinessEurope, the Commission also drafted the pro-EPA position of the EU-Africa Business Forum²⁹.

On the other hand, it is hard to find evidence of the Commission responding positively to the concerns about trade issues voiced by social, development or environmental groups. A handful of them participate in the Commission's official consultation forum, the 'Civil Society Dialogue'. There, however, the fundamental direction of the EU's trade agenda is not up for discussion³⁰. And other, more informal channels of influence are less open to them. In 2009, DG Trade's Director General, David O'Sullivan, admitted that while his door was open to non-governmental organisations (NGOs), he had "indeed made efforts to have more contacts with business". As a result, "industry walks through that door more often than others," he said and added: "I do not apologise for that, this is the way it's going to be."³¹

"IN THE EU, ECONOMIC INTERESTS HAVE THE BENEFIT OF FIRST-RATE ACCESS TO DECISION-MAKERS ON TRADE POLICY ISSUES."

ANDREAS DÜR, PROFESSOR OF INTERNATIONAL POLITICS, UNIVERSITY OF SALZBURG, AUSTRIA³²

"MY JOB DESCRIPTION IS 'OPEN NEW MARKETS FOR THE EURO-PEAN INDUSTRY AND THE EUROPEAN SERVICES SECTOR.'"

EU TRADE COMMISSIONER KAREL DE GUCHT³³

In countless documents, policy initiatives, PR campaigns and speeches, the EU portrays itself as a leader in the fight to eradicate poverty and hunger, to provide decent work, access to medicines and environmental sustainability. It also constantly lauds itself as a champion of transparency and accountability. The EU Commission's trade department is at the frontline of this feel-good rhetoric.

The coming sections, however, will show that the reality of EU trade-policy making is different. The FTA-negotiations with India are shrouded in secrecy, preventing anything as irksome as democratic decision-making. The concerns of public interest groups are largely ignored. And a powerful alliance of corporate lobbyists and EU Commission are jointly driving a big-business-only agenda in the negotiations – an agenda set to fuel poverty and inequality in India and elsewhere.



3.1 Corporate Europe's agenda and its pre-negotiation lobby offensive

The fact that the EU's Global Europe strategy named India as one of the future FTA partners was already the result of successful lobbying by big business. After the collapse of the WTO negotiations in Cancún in 2003, industry groups such as the employers' federation BusinessEurope (then UNICE) convinced the EU Commission that the EU's 1999 'moratorium' on new bilateral and region-to-region trade negotiations should come to an end. They also pressured DG Trade into clearly stating that future FTAs would be pursued on the basis of purely economic criteria such as economic size and growth – and no longer according to political motivations as had been previously the case³⁴. Finally, the Global Europe strategy also reflected demands from groups like BusinessEurope and the European Services Forum (ESF) to specifically list India and other "key emerging countries... not the whole world"³⁵.

Smaller businesses though were not happy with this decision. UEAPME, the voice of small and medium sized enterprises (SMEs) in Europe, raised serious concerns. The organisation warned of the competitive challenges emerging markets created for SMEs and made clear that a focus on the EU's bordering countries would have been more useful for them³⁶. Nonetheless, the Commission has launched FTA-negotiations with a whole range of non-border countries since the launch of the Global Europe strategy in 2006.

Months before the official launch of the talks with India at the end of June 2007, the Commission started consulting business about their specific interests in the talks. In February, DG Trade sent a

questionnaire to key associations asking them to provide detailed information on problems they faced in exporting goods and services, setting up businesses, purchasing raw materials etc³⁷.

One month later, the then EU Agriculture Commissioner Mariann Fischer Boel led a delegation of 28 food and drink companies from across the EU to India – to get a clear idea of their interests in the FTA-negotiations, among other things. Three days before official negotiations began, she told European agribusiness: "Business and politicians must link up more closely. It's politicians who do the negotiating about barriers to trade. But you must tell us where to negotiate. We don't want to spend time and energy opening up a market which no European company is interested in supplying. We must decide together what we want, then work out how to get it"³⁸.

"BUSINESS AND POLITICIANS MUST LINK UP MORE CLOSELY. IT'S POLITICIANS WHO DO THE NEGOTIATING ABOUT BARRIERS

TO TRADE. BUT YOU MUST TELL US WHERE TO NEGOTIATE. WE DON'T WANT TO SPEND TIME AND ENERGY OPENING UP A MARKET WHICH NO EUROPEAN COMPANY IS INTERESTED IN SUPPLYING. WE MUST DECIDE TOGETHER WHAT WE WANT, THEN WORK OUT HOW TO GET IT."
FORMER EU AGRICULTURE COMMISSIONER MARIANN FISCHER BOEL AT A MEETING WITH EU AGRICULTURAL EXPORTERS, BRUSSELS, 25 JUNE 2007

Not on the agenda

People's movements and public interest groups in the EU and India alike have criticised industry's EU-India FTA demands (see box 3) which they say will have potentially devastating impacts on the livelihoods of farmers, workers and other marginalised groups; increase India's vulnerability to financial crises; increase the pressure on the countries' natural resources; reduce public spending on education, health or food security as a result of revenue losses; hamper



access to seeds and affordable medicines; and lead to the loss of policy space when, for example, government procurement policies can no longer be used to help small and local firms and marginalised constituencies³⁹.

Their concerns – such as sustainable development and labour rights – did not make it onto the corporate agenda for the negotiations. Asked about what labour and environmental issues they faced in the trade with India, BusinessEurope replied “none” and added that it was satisfied with India’s current legislation⁴⁰. The lobby group representing traders and retailers, EuroCommerce, bluntly stated that “trade policy should not be linked with social or environmental standards⁴¹”. In no case should the EU make concessions for an FTA-chapter that would bind India to certain environmental standards, labour laws or human rights. And by no means should it be a deal breaker⁴².

necessary to appease the EU’s Parliament⁴⁵”, it is now working on “some sort of cooperative language... not a sanctioned based approach” and has admitted that “the language is important to us, but it won’t be a deal breaker⁴⁶”.

The start of something special

The FTA-questionnaire was only to “kick-off a process of close consultations and information flows” between the Commission and industry as Director General David O’Sullivan explained to BusinessEurope (then UNICE) in February 2007. He assured its Director General, Philippe de Buck, that “my colleagues are discussing with your colleagues the most practical ways and means to get organised in this respect⁴⁸”. A few weeks later, still two months before the launch of the negotiations, BusinessEurope was given the names of all chief EU FTA-negotiators. DG Trade and DG Enterprise also established special contact persons for industry input⁴⁹.

input the Commission would find most useful, “e.g. more noise from their side to push for launch of negotiations, more substantial input etc”. They also asked what negotiation documents the Commission would be able to share with them “to enable them to maintain the momentum vis-à-vis their members and counterparts in India”. Finally, BusinessEurope inquired how DG Trade planned to involve business associations both in the EU and India in the negotiations (see original email)⁵⁰.

DG Trade deleted its responses from the internal meeting report, obtained by Corporate Europe Observatory through access to information requests. They argued that the withheld information referred to negotiating tactics, the disclosure of which would limit the Commission’s margin for manoeuvre⁵¹. Instead, the disclosed parts suggest that releasing the full report would once more reveal how closely the Commission works with big business in EU trade policy-making (see original email).



Trade unions, on the other side, have repeatedly stressed the need for such a binding chapter in an FTA with India, a country where labour rights continue to be violated⁴³. They have lobbied for a “strong and unambiguous” sustainable development chapter that provides for fines for breaches and which would be “subject to the same dispute settlement treatment as all other components” of the FTA⁴⁴. But the Commission seems to side with industry. While it initially considered an FTA-chapter on sustainable development “a ‘formality’

It didn’t take long for BusinessEurope to contact them. On 22 May 2007, four weeks before the official bargaining with India began, DG Trade’s Lisa Mackie, Annette Grünberg and Frauke Sommer met with three BusinessEurope lobbyists to specifically discuss negotiation tactics: Carlos Gonzalez-Finat, an advisor at the time for BusinessEurope, Gisela Payeras from the European pharmaceutical lobby EFPIA and Robert Court, the then vice president of pharma giant GlaxoSmithKline and chair of BusinessEurope’s India commission. They wanted to know what kind of business

Child labour in India is not an issue for European business
Photo: Siddy Lam, Flickr

From: GRUNBERG Annette (TRADE)
Sent: Wednesday, May 23, 2007 9:26 AM
To: WEIGL Ulrich (TRADE); TUININGA Madelaine (TRADE); CALLAGAN Sandra (RELEX-HANOI); LEFORT Benoit (TRADE)
Cc: MACKIE Lisa (TRADE); SOMMER Frauke (TRADE)
Subject: Meeting with Business Europe

Dear All,

Lisa, Frauke and me met with Business Europe yesterday (Carlos Gonzalez-Finat, Gisela Payeras and Robert Court) to discuss the EU-India FTA. Since I understand some of you are meeting them separately in the coming days you might find a short summary of their key messages helpful:

- Business Europe were particularly keen to know how we planned to handle negotiations in particular as regards involvement of business associations both in the EU and in India. [1 sentence deleted]. Business Europe has a close relationship with their Indian counterpart (CII) and they intend to follow up on a joint paper they produced earlier this year to develop more detailed positions on individual issues.
- Business Europe were also interested to know what kind of business input we would find useful, e.g. more noise from their side to push for launch of negotiations, more substantial input etc. [2 sentences deleted].
- Business Europe is still working on completing our questionnaire but envisaged sending it as soon as possible. They said they found it a useful exercise but also considerable work and they wondered how we would use it. [We said we still had to look at the output from questionnaire in detail but information given would in any case feed into our negotiating positions. A difficult discussion about prioritisation was likely to then follow].
- Since for Business Europe the India FTA is the priority FTA, they are keen for it to move ahead quickly and smoothly and expressed concern about postponement of launch. [We said political commitment remained high but right now India had not only to deal with FTA but also DDA and TPR. [1 sentence deleted].
- Business Europe also wanted to know what documents we might be able to share in the coming months to enable them to maintain the momentum vis-à-vis their members and counterparts in India. [1 sentence deleted].

Regards,

Annette

Original email from DG Trade

BOX 3: CORPORATE EUROPE'S CORE DEMANDS FOR THE EU-INDIA FTA⁴⁷

Full liberalisation of trade in industrial goods: total elimination of import tariffs for all industrial goods within seven years and no possibility of excluding certain sensitive products from tariff cuts. Longer time frames for these cuts should only be possible for a very limited number of sensitive products.

Nearly full liberalisation of trade in agricultural products: elimination of agricultural import tariffs with only a few exceptions for sensitive products that might be exempt from liberalisation or liberalised to a lesser extent. Tariffs for processed food and beverages, however, should be reduced to zero.

Dismantling all regulations on investments by EU companies in India: there should be no limits to foreign ownership for European banks, insurance and telecom companies. Sectors that are completely or relatively closed to foreign investors such as retail, accounting, legal and postal services should be opened up to European multinationals, the unlimited transfer of their profits guaranteed and limits on risky forms of investment eliminated. There should be protection for European investments, particularly against all forms of expropriation.

Liberalisation of trade in services: European companies want a less regulated services market in fields such as research, insurance, banking, telecommunications and maritime transport. This includes the liberalisation of risky and highly speculative financial instruments.

A ban on export taxes and other export restrictions: to secure unhampered access to manufacturing inputs for European industries, India should abstain from export restrictions on raw materials such as rice, cotton, leather, rare earth, paper, wood products and metals that the country has used strategically to encourage infant industries or for reasons of price stability.

The protection of intellectual property rights (IPRs) beyond what is required under WTO rules: this includes 'data exclusivity' for a minimum period of 10 years, to strengthen the monopoly rights of pharmaceutical and agrochemical companies. It also includes an army of IPR enforcement measures ranging from at the border measures against potentially counterfeit goods to "cleaning up any street market that sells pirated European goods" (EuroCommerce).

An ambitious government procurement chapter: This would enable European companies to bid for public contracts in sectors such as energy infrastructure, water

treatment, healthcare, transport or construction.

The elimination of regulatory ('non-tariff') barriers (NTBs) that hamper market access for European exporters: This includes a demand for regulatory transparency, information on any proposed new regulation in India long before it is implemented and 'consultation mechanisms' through which European corporate interests can provide comments and input.

The facilitation of the migration of key personnel for both industry and services subsidiaries: the mutual recognition of professional qualifications is key.

Strong and rapid dispute settlement mechanisms: this also includes so called investor-to-state provisions that would allow European companies to directly sue India at international tribunals when they feel that their investment or profits are being jeopardised.

Intense cooperation between business and the Commission: the Commission should "closely involve industry, keeping it regularly updated throughout the FTA negotiation process, from preliminary consultations and the launch of the talks through to the completion of the final agreement" (European Tyre and Rubber Manufacturers Association).

3.2 Institutionalising corporate influence over the negotiations

Ever since the launch of the negotiations with India, the doors of the Commission have been wide open to interested businesses. BusinessEurope, in particular, meets behind closed doors with high-level officials from DG Trade at least once a month to discuss the talks⁵². Individual companies, national business federations and sectoral associations like the services lobby ESF, the car lobby ACEA and the pharmaceutical federation EFPIA have extra meetings to discuss specific aspects of the negotiations. Some of them also meet with the Commission's Department for Enterprise and Industry (DG ENTR) which is also involved in the negotiations.

According to the Commission, officials "test the state of play of the negotiations with relevant industry sectors⁵³" in these meetings. This involves sharing "sensitive elements regarding industry positions and/or regarding the EU's negotiation position⁵⁴". The Commission also invites business to share its priorities and to give concrete examples of the barriers to market access they face "to assist the Commission in establishing priorities and taking decisions⁵⁵". Both sides are perfectly satisfied with these get-togethers as BusinessEurope's Philippe de Buck, and DG Trade's Director General David O'Sullivan assured each other during lunch not long ago⁵⁶. DG Trade's internal reports about these kinds of meetings

are also full of remarks about industry's gratitude for the information.

The EU's market access teams and corporate trade diplomacy

Regular FTA-consultations are not the only place where the EU Commission and European industry align their efforts to pry open markets for EU exporters. Big business also has a lucrative place in the EU's market access working groups. Here, Commission officials, EU member state representatives and corporate lobbyists sit together to discuss regulations in key markets that stand in their way – and develop joint strategies to get rid of them. What business expects from these groups is clear: the Commission should "gather necessary information from companies", "adapt to company perspective" and "speak company language"⁵⁷.

India is high on the agenda in the groups dealing with postal and distribution services, cars, tyres, textiles, food safety and animal health measures. Many of the issues raised by industry have made it into the EU's list of top-10 priority barriers to the Indian market⁵⁸:

- The EU has objected to Indian government proposals for a bill for the Indian postal market that will limit foreign ownership in the sector to 49%, give the Indian Post exclusive competence for certain services and require large companies to contribute to India's universal service fund. The Indian

government argues that these measures are necessary to ensure affordable and guaranteed services to all citizens because private couriers "are operating only in creamy areas and big business centres with the sole motive of profit without corresponding responsibility towards deprived classes of people residing in rural, remote, hilly, tribal and inaccessible areas of the country"⁵⁹. The EU, however, finds these measures "too cumbersome" for European couriers like DHL and TNT. In the market access working group on postal services, they are represented by PostEurop, the Europe Express Association (EEA) and the ESF.

- The EU has challenged India's import restrictions on pork and poultry products from countries affected by bird flu. On behalf of the Association of Poultry Processors and Traders (AVEC), the European food and drink lobby (CIAA) and the meat processors lobby group (CLITRAVI), the EU has challenged these restrictions, which it claims go beyond international standards. India, however, insists on its right to take preventive measures against the spread of the flu: "We are well within our rights to impose the restrictions as we have been affected by the bird flu virus in the past and don't want to take any risks"⁶⁰.
- The EU has challenged requirements for a certificate that shows that imported pork products come from places



India Post or DHL – who will deliver mail to India's tribal people?

Photos: David, Gerard Stolk, both Flickr



Will this tyre shop soon sell only Continental, Michelin or Pirelli tyres?

Photo: parul2999, Flickr

that are free from a number of pig diseases. Again, the EU has acted on behalf of the meat industry and criticised the measure for going beyond what is internationally required.

- The EU has challenged existing and upcoming legislation for medical technology that requires, for example, that any imported device still has a valid shelf life of not less than 60% of its original shelf life – an anathema for the lobby group for the medical technology industry Eucomed.
- The EU has objected to certain quality and health standard conditions for imported hides and skins, which it claimed go beyond international standards and were hurting exports from the European leather industry.
- The EU has challenged the need for an Indian certificate for imported tyres for consumer protection and road safety. The EU Commission, the European Tyre & Rubber Manufacturers' Association (ETRMA) and tyre companies such as Continental, Michelin and Pirelli, which apply different safety stand-

ards, see these kinds of regulations as "barriers to trade with a danger to spill over to the whole Asian region if they are not contained"⁶¹.

Once these so called 'non-tariff barriers' have been identified, they are jointly challenged by the EU Commission in Brussels, its delegation in Delhi, member states' embassies and industry. Their offensive takes place on all fronts: in the FTA talks, at the multilateral level in the WTO and in all kinds of 'dialogues' with the Indian authorities, sometimes with the support of other trading power-hubs like the US or Japan. As a result of this coordinated corporate trade diplomacy, India has already relaxed its import conditions for some poultry and pork products and for hides and skins⁶². And the Commission is committed to continue "to work on all issues that member states and industry will bring to the table. The more pre-emptive actions are, the better the chances of success"⁶³.

"WE IDENTIFY, IN PARTNERSHIP, THE BARRIERS THAT MATTER MOST TO EU BUSINESS, AND WORK IN PARTNERSHIP TO ADDRESS THEM, THROUGH FTAS, BILATERAL NEGOTIATIONS, DIALOGUES OR TRADE DIPLOMACY."

THE FORMER EU TRADE COMMISSIONER CATHERINE ASHTON AT A SYMPOSIUM ON MARKET ACCESS, PARIS, 27 NOVEMBER 2008⁶⁴

"THE MARKET ACCESS WORKING GROUPS ARE LIKE A BIG EAR-TRUMPET, WITH WHICH THE COMMISSION AND THE MEMBER STATES LISTEN TO BUSINESSES AND GATHER THEIR MARKET ACCESS INTERESTS."

RALPH KAMPHÖNER, EUROCOMMERCE, THE LOBBY GROUP FOR RETAILERS, WHOLESALERS AND TRADERS⁶⁵

3.3 Industry and the EU working hand-in-hand in Delhi

When it comes to the EU-India FTA, the symbiosis between the Commission and big business does not end at the EU's borders. The Delhi based EU delegation to India, which plays an important role in gathering and distributing information related to the negotiations, often acts as a broker for corporate interests – from both India and the EU.

When EU Trade Commissioner Karel de Gucht paid his first visit to India in March 2010, the delegation made sure he met the two big Indian industry federations, FICCI and CII – but he did not meet groups that are critical of the EU-India market-opening pact such as the Forum Against FTAs. Industry appreciated the meeting. A CII-lobbyist stated: "It's important to keep these kinds of communication channels open so that the Indian industry interests are always on the agenda"⁶⁶. That conclusion is probably shared by the "select group of EU business leaders" who also had an informal meeting with de Gucht during his visit⁶⁷.

The EU delegation also has close-knit ties to EU industry in India when there's no high-flyer coming in from Brussels. They told Corporate Europe Observatory: "Whenever we need to get information, clarifications, inform or be informed about developments in a particular sector we approach the specific organisation that can help us"⁶⁸. This can be individual EU companies present in India, chambers of commerce or the European Business Group (EBG), which was founded by the EU delegation in the 90s to promote the interests of European businesses in India⁶⁹.

When, for example, new legislation for medical devices in India came up in 2008, the delegation set out to bring EU companies and member states together "to agree on a concerted way forward." The EBG was asked to ensure the participation of all relevant EU firms⁷⁰.

EBG members include European multinationals from the world of finance (HSBC, Deutsche Bank), oil and energy (Total, BP, Suez, Areva, Veolia), pharmaceuticals (GlaxoSmithKline), military and defence (EADS) and automobiles (Mercedes Benz).

According to the group's website, it "receives valuable support from the European Commission". It even operated from the delegation's offices for a period in 2002 and 2003⁷¹. And the chief of the economic and trade section of the EU delegation, Carlos Bermejo Acosta, is a member of the EBG's council. No wonder, the EBG praises its relations with the Commission: "We can use the Commission as our mouthpiece, for example, in the FTA where we are regularly asked to share our experience and our ideas about how things should work... This is then picked up by EU-negotiators in the talks with the Indians... The Commission also uses our position paper as a guide for what has to happen to facilitate trade and doing business in India. So we do indeed get a lot of support from the Commission and they are always willing to listen to us"⁷².

Another new strand in the complex web of EU industrial-political relations in Delhi is the European Business and Technology Centre (EBTC). It is run by the Association of European Chambers of Commerce and Industry, Eurochambres. But it was initiated by the Commission in the context of the Global Europe strategy "to essentially promote the EU interests in India and tap the fast-growing Indian economy"⁷³. The EU finances 80% of the costs for setting up the EBTC and regional offices all over India – with more than €11.5 million (INR 56 Crores) from the EU's external aid fund⁷⁴.

The EBTC's ostensible aim is the promotion of European clean technologies in India's 'sunrise sectors' energy, environment, transport and biotechnology (including controversial technologies for biofuels and 'clean' coal). But the EU tender already made it clear that the centre should also detect and challenge market access barriers in India.

The Commission, which monitors the EBTC via its delegation, re-iterated that task when it felt it was not prominent enough on the centre's agenda. In October 2008, shortly after the EBTC opening, DG Trade's Annette Grünberg reminded Eurochambres' international affairs director that "tackling NTBs/market access constraints should be one of the centre's key objectives" because they "fit in very well" with the Commission's "other ongoing activities, most notably the current negotiations for a free trade agreement." She continued: "I would thus be very concerned if this objective would not receive the attention as foreseen in the guidelines and would be very grateful if you could confirm that tackling NTBs and other market access constraints is a key component within the action plans you are currently developing... I would also be more than happy to discuss this further and provide you with some additional ideas of how the centre could take this objective forward"⁷⁵. Just a few days later, Grünberg shared one of these ideas with the European pharmaceutical lobby EFPIA which she suggested should explore whether the EBTC "could facilitate business-to-business contact in the pharmaceutical sector" to discuss and challenge regulatory barriers in the sector⁷⁶.

Eurochambres for its part has made no bones about the EBTC being a market-opening tool that will promote European business interests and the EU's 'economic diplomacy' in India. It celebrates the centre as "a successful agenda setting initiative" and plans the establishment of similar hubs in other key markets. "More economic diplomacy is needed to promote our common interests, to put the European flag in emerging markets," it says⁷⁷.

"WE CAN USE THE COMMISSION AS OUR MOUTHPIECE IN THE FTA."

MEMBER OF THE COUNCIL OF THE EUROPEAN BUSINESS GROUP IN INDIA



Protest at the EU delegation in Delhi in March 2009: we don't agree with these 'agreements'

The EU-India business summit: influencing a lobby forum to lobby yourself

The European Commission has something of a track record of reverse lobbying whereby it actively orchestrates business support to back up its own corporate agenda (see box 2 on page 10). The yearly EU-India business summit is no exception. For a decade this forum has assembled up to 300 business people from India and the EU, usually on the day before the political summit. Officially, it is a business-driven process co-organised by industry from both sides. But internal reports show that the Commission is actively involved in the preparation, messaging and follow-up to the 'business' event.

In the run-up to the 2009 gathering in Delhi officials from the EU delegation and from its Brussels based trade, enterprise and external relations departments put forward their own ideas for key themes for the summit ("to have something concrete to present to CEOs to lure their interest") and for its programme ("fewer subjects... including the EU priorities"). They also suggested changes to the draft summit statement prepared by BusinessEurope and the Confederation of Swedish Enterprises, the business organisation from the country then holding the EU Presidency⁷⁸.

Commission officials also urged European industry to include a round-table for chief executives in the event – to enable intimate discussions between "8-10 top CEOs from both sides, including a high level interaction with Ministers/Commissioners"⁷⁹. Similar roundtables had taken place in 2006 and 2007 and had been praised by the Commission as a space for big business to "provide direct inputs to the trade negotiations" through "the privileged access that CEOs may gain to leaders"⁸⁰.

Industry was happy to oblige. During the summit, a roundtable allowed the chief executives from corporate giants like ArcelorMittal (steel) and Bharti (telecom, financial services, retail, processed food) to meet the Indian and Swedish trade ministers and then EU Trade Commissioner Catherine Ashton and to discuss their agenda. BusinessEurope hoped that this would convince them "to advance cooperation between India and the EU more rapidly, if we make them aware of the strong business backing"⁸¹. This seems to have worked out. A European businessman who participated in the business conclave described it as a "turning point" in the talks, which he said had lost steam until then. After the summit, "leaders on both sides seemed to rediscover their enthusiasm"⁸².



Former EU Trade Commissioner Peter Mandelson (centre) shaking hands with former Indian Minister for Commerce and Industry, Kamal Nath (right), former CII President and telecom tycoon Sunil Bharti Mittal (left) and BusinessEurope's Philippe de Buck (second left) at the EU-India Business Summit in Delhi, 29 November 2007

Nonetheless, the Commission appears unsatisfied with the business summits' progress and seems to look for ways to tighten its grip on the event. It had previously complained about the "too weak and slow preparation" and the lack of a joint statement from both business communities. It warned industry "that

we cannot go on with Business Summits as usual" and that "there is little value in having a one-off high profile event unless there is appropriate follow up to discussions or key recommendations". A "talk-shop" had to be avoided. The Commission's external relations department (DG Relex) therefore suggested closely involving the EBTC, which is co-financed and monitored by the Commission, in the preparation and follow up to the summits⁸³.

*"WE ARE DOING THIS FOR YOU."
FORMER EU TRADE COMMISSIONER PETER MANDELSON TO BUSINESS COMMUNITY ABOUT THE LAUNCH OF THE FTA NEGOTIATIONS, EU-INDIA BUSINESS SUMMIT IN HELSINKI, OCTOBER 2006⁸⁴*

3.4 The downsides of the corporate agenda: select lobby battles

3.4.1 Industry's attempts to close down the pharmacy of the developing world

Access-to-medicine campaigners have repeatedly warned that the EU-India FTA could drastically restrict access to medicines in India and the world. They have targeted three elements of the leaked EU negotiating position on intellectual property rights (IPRs) that go beyond the requirements of the WTO's TRIPS agreement on IPRs⁸⁵:

- data exclusivity provisions, whereby Indian generic drug-makers would be obliged to repeat the innovator companies' costly and time consuming tests because public authorities could no longer rely on their test data to approve the generic drug. This could delay or even prevent the registration of and price competition through generics;
- an extension of the standard life of patents from 20 to up to 25 years;
- enforcement measures including provisions allowing the seizure of products suspected of infringing IPRs at the Indian border, which could hamper legitimate trade in generics;

Public health groups and centre-left European Parliamentarians have argued that these provisions would enable Big Pharma to maintain prohibitively high prices on medicines and drastically restrict India's ability to produce and export cheap generic versions of drugs. The country's existing policy against the abusive patenting of medicines has fostered a blossoming generics industry that not only supplies the whole of India with affordable drugs for the treatment of AIDS, malaria, cancer, tuberculosis and the swine flu, but is also their largest supplier throughout the developing world. Ninety per cent of HIV/AIDS patients in the global South currently depend on generics from India. But the EU-India FTA seems to threaten the country's pivotal role as the 'pharmacy of the developing world'⁸⁶.

"THE INDIAN GOVERNMENT WILL BE TRADING AWAY OUR LIVES BY AGREEING TO THE EU'S DEMANDS ON INTELLECTUAL PROPERTY AND ENFORCEMENT IN FTA NEGOTIATIONS. AND IT IS NOT ONLY OUR LIVES THAT ARE AT STAKE BUT THOSE OF MILLIONS AROUND THE DEVELOPING WORLD IN ASIA, AFRICA AND LATIN AMERICA THAT RELY ON INDIA AS A SOURCE OF AFFORDABLE GENERIC MEDICINES."

LOON GANGTE, DELHI NETWORK OF HIV/AIDS POSITIVE PEOPLE (DNP+)⁸⁷



Cartoon: Polyp, www.polyp.org.uk, www.speechlessthebook.org

These arguments are countered by what the European Parliament once described as one of the most effective lobby actors at the European level⁸⁸: the European Federation of Pharmaceutical Industries and Associations (EFPIA). EFPIA was behind the EU's data exclusivity rules, which provide the longest protection period in the world (effectively 10+1 years). Academic research has shown that the lobby group's interests prevailed over those of the generics industry, patients and EU member states with shorter or no protection periods because EFPIA captured all phases of the regulatory process through a "clientilistic" relationship with DG Enterprise⁸⁹. Until recently, DG Enterprise was responsible for pharmaceutical policy in the EU.

EFPIA has also used its good contacts with DG Enterprise to try to influence IPR legislation in India. The lobby group has made numerous inputs⁹⁰ to India's pharmaceutical policy to DG Enterprise's Thomas Heynisch, who is an ex-lobbyist for the German association of research based pharmaceutical manufacturers vfa⁹¹. The vfa represents two thirds of the German pharmaceutical market, including corporations like Bayer, Glaxo-Smith-Kline, Merck, Novartis, Pfizer, Roche and Sanofi-Aventis. As a consequence, DG Enterprise has tabled the issue of data protection in each of the meetings of the working group on pharmaceuticals and biotechnology that was established in the context of EU-India economic policy dialogue in 2006⁹².

But, EFPIA's lobby activities on the EU-India FTA are mainly shrouded in secrecy. There is no position paper available and the organisation is not willing to respond to questions on the issue. Correspondence and Commission reports about meetings with EFPIA and individual pharmaceutical companies like Sanofi-Aventis or Glaxo Smith-Kline requested under the EU's access to information law are either undisclosed or heavily censored. The Commission claims that they contain insights about "negotiation priorities being pursued by the industry", the release of which could undermine its commercial interests and the EU's positions in the negotiations⁹³. Does this mean that the EU just copies Big Pharma's negotiation priorities? How else could their public disclosure undermine the EU position?

EFPIA is not alone in lobbying for strict IPRs in the EU-India FTA. Their data exclusivity mantra is repeated by national business associations like the American Chamber of Commerce (AmCham EU), the German group BDI or the French body MEDEF and by the pesticides lobby ECPA (European Crop Protection Association). ECPA represents pesticide and seed giants like BASF, Bayer CropScience, Dow AgroScience, Dupont, Monsanto and Syngenta. Together with CropLife India, they have lobbied against India's



2008 Pesticides Management Bill, which has yet to be approved by the Indian Parliament. The bill accepted the concept of data exclusivity for agrochemicals, but only provides a protection period of three years for the related test data⁹⁴. ECPA has also continued to raise the issue in the context of the trade negotiations⁹⁵.

Stricter enforcement of IPRs and more public money to combat product and brand piracy also rank high on the corporate agenda for the EU-India FTA. To combat the “serious crime” of counterfeiting in India, big business proposes the establishment of IPR-enforcement cells in police headquarters, training for police and judges and the “cleaning up of any street market that sells pirated European goods” (EuroCommerce). Business also advocates ‘border protection measures’ and the respective training of customs officials to prevent products alleged of infringing IPRs to be imported, exported or even transported through the Indian market⁹⁷. In the EU, such tough rules have led to a number of seizures of shipments of Indian-made generic medicines en route to Africa and Latin America, which have been condemned by public health groups across the world and the World Health Organisation (WHO). In May 2010, India and Brazil launched a WTO dispute about the drug detentions, which they claim violate WTO rules and the principle of universal access to medicines.

“THE EU’S IPR DEMANDS WILL END FARMERS’ FUNDAMENTAL RIGHTS TO SAVE AND EXCHANGE SEEDS AND ADD TO THE LOSS OF PLANT VARIETIES AND VALUABLE TRADITIONAL AGRICULTURAL KNOWLEDGE. BUT INDIA’S PRECIOUS AGRO-DIVERSITY DEVELOPED OVER THOUSANDS OF YEARS IS CRUCIAL TO OUR FOOD, ECOLOGY AND EXISTENCE.”

INDIAN COORDINATING COMMITTEE OF FARMERS MOVEMENTS IN A LETTER TO PRIME MINISTER SINGH, APRIL 2010⁹⁶

“DEVELOPING COUNTRIES AND LEAST DEVELOPED COUNTRIES SHOULD NOT INTRODUCE TRIPS-PLUS STANDARDS IN THEIR NATIONAL LAWS. DEVELOPED COUNTRIES SHOULD NOT ENCOURAGE DEVELOPING COUNTRIES... TO ENTER INTO TRIPS-PLUS FREE TRADE AGREEMENTS AND SHOULD BE MINDFUL OF ACTIONS WHICH MAY INFRINGE UPON THE RIGHT TO HEALTH.”

ANAND GROVER, UN SPECIAL RAPPORTEUR ON THE RIGHT TO HEALTH, 31 MARCH 2009⁹⁸

3.4.2 Slashing industrial and agricultural tariffs to zero

In the context of trade liberalisation, farmers, fisherfolk, trade unions, women's organisations and other public interest groups have repeatedly warned of the detrimental impacts of massive tariff reductions on vulnerable sectors of society. Three issues have mainly been raised: the negative effects of cheap imports on small-scale farmers, fisherfolk, small enterprises and workers who are out-competed in the rat race with multinationals and driven into poverty; the potential reduction of social spending resulting from diminished tariff revenues, which still form a sizeable part of government budgets in the South; and, the loss of policy space for national development strategies, which have been widely pursued by rich countries in the past.

As a result of tariffs cuts in the EU-India FTA, the EU's own impact assessments predict a "significant production decrease" and job losses in India's automobile and auto components sector due to increased imports from the EU. They also predict layoffs in the paper and electronics industries and a long term decline in agricultural employment⁹⁹. The European Parliament has likewise warned of "the potential disadvantages of the FTA and the ways in which human development and gender equality may be adversely affected by the rapid opening of markets"¹⁰⁰.

Despite these concerns, EU and Indian officials already agreed before the launch of the FTA-negotiations that they will cut at least 90% of all tariffs on both sides to zero within seven years¹⁰¹. Yet, negotiators differed in what would happen to the remaining 10%. India wanted an asymmetrical deal, where the EU alone would reduce an additional 5% of its tariffs, reflecting the vast gap in wealth between the two parties. The EU, however, insisted on equal tariff eliminations and pressured India into limiting its list of sensitive products, which it wanted to exempt from cuts.

The EU could rely on big business support for this tariff-slashing-agenda. Its manufacturers had made it clear that they wanted all Indian import tariffs dismantled – not just 90%. This was repeated over and over by the European employers' federation BusinessEurope – probably the most powerful lobby group in EU trade policy-making – and influential national associations such as the German group BDI, the French body MEDEF, the Belgian FEB and AmCham EU. Sectoral manufacturing lobby groups like ACEA (automobiles), CEFIC (chemicals), Euratex (textiles), CEPI (paper) Eurofer (iron and steel) and Eurometaux (metals) also joined the campaign for zero tariffs in India¹⁰².

Once India started its internal consultations about possible sensitive products, the Commission called this corporate lobby battalion into action. In February 2008, DG Trade's Frauke Sommer alerted BusinessEurope that the Indian Ministry of Commerce and Industry had just posted a 'negative' list of 643 sensitive products on its website. She warned that "such products could require a different treatment, ie. could be exempted from a tariff elimination within 7 years"¹⁰³.

Business Europe knew what to do. The following month, the day before the then Trade Commissioner Peter Mandelson met with the then Indian Minister of Commerce and Industry Kamal Nath, the lobby group wrote to Mandelson. It demanded that "an agreement with India must include as close to 100% coverage as is possible for industrial goods tariffs" and that a limited amount of sensitive products "must also be liberalised but could be allowed slightly longer transition periods." The letter continued: "The list released recently by the Ministry of Commerce and Industry is far too extensive and includes a large number of products of important export interests for European companies. It would also exclude whole sectors from tariff liberalisation. BusinessEurope cannot accept such a list as India's tariff offer." Mandelson thanked the lobby group for the "timely reinforcement" of his position and assured BusinessEurope that their

interests "coincide with my own priority concerns and were discussed extensively". In a hand-written note, he suggested a get together between European and Indian industry groups to pave the ground for a compromise¹⁰⁴.

Ever since BusinessEurope has signalled to Indian industry that the tariff issue was a red line for them. In their statement for the EU-India business summit in 2009, for example, they stressed that "it is not possible to conclude an agreement that totally excludes any industrial goods from liberalisation" because "there will simply not be a constituency in Europe to support the deal"¹⁰⁵. This was again echoed by national and sectoral associations which increased the pressure on the Commission by stressing that they would never support a deal with a 'negative' list that excluded manufacturing sectors from total tariff dismantling¹⁰⁶. To quote Erik Bergelin from the car lobby ACEA: "No! No negative list! Point... If we have that, we are going to be against the agreement"¹⁰⁷.

"WHAT WE WOULD LIKE IS AS MUCH MARKET OPENING AS POSSIBLE IN INDIA."

ADRIAN VAN DEN HOVEN, BUSINESS-EUROPE¹⁰⁸

But this kind of muscle flexing should not be taken literally. After a two-year fierce lobby campaign for a symmetrical tariff deal, European business knows that India will most likely not buckle. But keeping up the pressure is crucial to pry open as many key manufacturing sectors as possible. Chemicals, pharmaceuticals, textiles and clothing, automobiles and auto parts, electronics, machineries and precious metals rank particularly high on the corporate agenda. For these sectors, tariffs, they say, should be completely scrapped on both sides¹⁰⁹.

Similar demands are made by the agribusiness sector. The EU's top five agricultural export products – beverages including wines and spirits, cereal products, fruits and vegetables, dairy and

Paper factory in India: will it survive the competition with the Europeans?

Photo: Dave Morris, Flickr, <http://cargocollective.com/Davemorris/>



meat products – face tariffs of between 20 and 70% in India. The maximum duties that the country could impose are even higher (65-127%)¹¹⁰. CIAA, the Confederation of EU Food and Drink industries which lobbies for companies like Unilever, Coca Cola, Danone, Kraft Foods or Nestlé, wants to see these duties dismantled on a reciprocal basis¹¹¹. And it is backed by sectoral associations including Freshfel (fruits and vegetables), Caobisco (chocolate, biscuits and sweets), the Danish meat association, the European Dairy Association (EDA) and the EU dairy trade association (Eucolait)¹¹².

The corporate tariff cutting agenda has been demonstrably translated into EU demands for zero duty on chemicals and textiles¹¹³. According to media reports, the Commission is also pressuring India to open its automotive, wines and spirits and dairy sectors. NGO calls for far less radical and encompassing cuts to protect the livelihoods of India's poor and to leave India important policy space for national development strategies have seemingly been ignored. This could have particularly serious livelihood implications for the 75 million women and 15 million men working in the Indian dairy sector, including many who are landless. They fear that competition from subsidised EU imports will serve as the final nail in their coffin¹¹⁴.

“OPENING UP AGRICULTURE MARKETS FOR EUROPE WHERE AGRICULTURE IS DOMINATED BY LARGE AGRIBUSINESS, SUFFERING FROM OVER-PRODUCTION AND EXPORTS ARE HEAVILY SUBSIDIZED WILL HAVE A DEVASTATING EFFECT ON INDIA'S SELF SUFFICIENCY IN FOOD PRODUCTION AND ON FARMERS AND FARM WORKERS.”

S. KANNAIYAN FROM THE FARMERS' ASSOCIATION TAMIZHAGA VIVASAYIGAL SANGAM IN TAMIL NADU¹¹⁵



Will this milk farmer be able to survive subsidised milk imports from the EU?

Photo: World Bank, Flickr



3.4.3 European supermarkets hijack the Indian retail market

Large supermarket chains such as Metro (Germany), Carrefour (France), Tesco (UK) and Ahold (Netherlands) have by and large saturated the European market. Now they are looking elsewhere. With its vast population, projections of continued economic growth and relative absence of big stores from its retail landscape, India is one of their priority destinations. The country has been crowned the hottest market for global retailers several times¹¹⁶.

But the Indian retail market is still relatively well protected. Foreign companies may open 100% owned cash-and-carry wholesale markets. Metro already has cash-and-carry stores in four Indian cities, Carrefour is opening its first one in Delhi and Tesco will follow with a store in Mumbai at the end of 2010. But foreign retailers can only own up to 51% of stores which sell only one brand such as Nike or adidas. And foreign investment in multi-brand retail is prohibited outright. As a result, more than 90% of India's retail sales are still made from small neighbourhood shops and street vendors, estimated to employ between 30 and 40 million people¹¹⁷. They are vehemently opposed to large corporate-style retailers and to liberalising the sector, which they fear will destroy their livelihoods.

"CARREFOUR, THE WORLD'S SECOND LARGEST RETAILER, IS OPENING THEIR FIRST WHOLESALE OUTLET IN INDIA IN A VERY LOW INCOME LOCALITY OF DELHI WITH THOUSANDS OF STREET VENDORS AROUND. THESE SUPERSTORES ARE COMING HERE TO WIPE US OUT COMPLETELY."

HAKIM SINGH RAWAT, GENERAL SECRETARY, DELHI HAWKERS WELFARE ASSOCIATION AND A MEMBER OF STATE VENDING COMMITTEE¹¹⁸

Yet, the European retail lobby insists on opening up the Indian market. They want full liberalisation commitments and in particular the right to open multi-brand retail stores¹¹⁹. In plain terms: no ownership limits to Tesco, Carrefour, Metro & Co.; no limitations on the number, size and location of their markets; no local sourcing requirements and no limitations on the purchase and sale of certain products; no regulation of prices and opening hours; and no more favourable terms for domestic small-scale local shops or wholesalers. Economic needs tests, which could be used to assess economic and social impacts prior to granting a retailer a licence, would also no longer be an option. Yet, in many European countries including France, Bulgaria, Denmark, Italy, Malta and Portugal these kinds of assessments of, for example, the impact on existing stores, traffic conditions and new employment are a precondition for the authorisation of new stores. They play a significant role in protecting independent shops and small producers¹²⁰.

"TESCO WILL RELY ON EMERGING MARKETS FOR ITS FUTURE GROWTH AND INDIA IS VERY MUCH IN OUR RADAR."

MIKE MCNAMARA, TESCO¹²¹

"INDIA IS DECISIVE FOR US. WHEN WE ASK OUR MEMBERS ABOUT THEIR PRIORITY COUNTRIES, INDIA IS ALWAYS MENTIONED AS ONE OF THE FIRST... IT IS ONE OF THE MOST IMPORTANT FTAS FOR US."

ANDREAS BERGER, EUROCOMMERCE, THE EU LOBBY GROUP OF RETAILERS, WHOLESALERS AND TRADERS¹²²

Big retail is well equipped to make its liberalisation agenda the EU position. Two European trade associations represent their interests in Brussels: the Foreign Trade Association (FTA) and EuroCommerce. The European Retail Roundtable (ERRT), which brings together a dozen chief executives from Carrefour, H&M,

Ikea, Metro, Tesco and others, is also based in Brussels “to promote active retail engagement” in EU policies and “provide a bridge of communication” to top European policy makers¹²³. Their demands are echoed by lobbyists from individual companies, national trading associations, BusinessEurope and by the influential European Services Forum (ESF). Textile companies and their lobby group Euratex also advocate European investments in Indian retail and have “expressed the interest to coordinate with the retail industry (EuroCommerce) to help the Commission in the negotiations with India”¹²⁴.

The Commission liaises closely with this swarm of lobbyists. In an internal assessment of its 2009 activities, EuroCommerce, for example, praised its “close contact with the EU negotiators” and its “well-established constructive working relationship with DG Trade” in the context of the market access working group on distribution services¹²⁵. Commission officials and EU member states sit alongside EuroCommerce, the ESF and the ERRT to identify the main trade barriers

in key markets and to set up strategies for “fast solutions”. These include “persuasion and pressure” on developing countries, monitoring new legislation “to prevent problems before drafted measures become effective” and “diplomatic actions” by EU member states and the EU delegation in Delhi¹²⁶.

A foretaste of such “diplomatic actions” was given by the German Consul-General in Kolkata, Gunter Wehrmann, in 2008. Amidst street traders’ protests against the opening of a Metro Cash & Carry store in Kolkata and the refusal of the city’s marketing board to allow the company to purchase and sell agricultural produce, he threatened the state government: “If Metro Cash & Carry does not get the required licence, this will be the death knell for any future German investment here in the eastern region. Metro is a household name in Germany and if they are unable to set up a store here, then other companies will also follow suit and prefer going elsewhere”¹²⁷. The Chief Minister of West Bengal buckled and granted the necessary licence, bypassing the marketing board.

In future, political interventions like this might no longer be necessary. EuroCommerce is “convinced that the FTA will further open up the Indian retail market as distribution services is high on the agenda of the negotiation teams”¹²⁸. The Commission, for its part, has “confirmed that the distribution sector is one of the priority areas in the ongoing FTA negotiations” and has already communicated its interests to India, despite the EU’s awareness of the sensitivities of the Indian retail sector¹²⁹.

Demands by Indian civil society, Members of the Parliament and some state governments to limit the super-market expansion and defend the interests of smaller retailers, which have been repeated by European development groups including ActionAid, Traidcraft and Oxfam, have seemingly been ignored¹³⁰.

Protests against the opening of a Metro store in Bangalore in 2007





3.5 Behind closed doors, not listening to the people

Anti-poverty, environment, women and public health groups in Europe have raised fundamental concerns about the EU's Global Europe strategy and the EU-India FTA in particular. They fear that the agreement will have a damaging effect on industries, jobs and livelihoods, access to services and medicines and will deprive India of important policy tools to foster development and serve its people. They have also criticised the lack of transparency, public debate and the absence of accountable democratic processes surrounding the FTA-talks, with no negotiating text or position yet disclosed for public scrutiny¹³¹. Even information about negotiating positions and tactics that has clearly been shared with corporate lobbyists is withheld from public interests groups¹³².

Civil society groups in Europe have called for an immediate halt to the negotiations until:

- all negotiating texts and positions are made public
- comprehensive impact assessments and meaningful, broad consultations with the most affected groups in Europe and India have taken place
- the EU's approach to the negotiations has fundamentally changed. Development concerns, human and labour rights, food sovereignty, environmental, social and gender justice should inform the EU position – not commercial interests¹³³.

Table 1 (page 26) shows that the EU Commission does not care about these demands – despite DG Trade's constant feel-good rhetoric about accountability, transparency and addressing civil society concerns in EU trade policy.

"WE ARE GLAD TO SEE THAT WE SHARE THE SAME GOALS AS THE COMMISSION ON THE SUBSTANCE OF THE NEGOTIATIONS."

AMERICAN CHAMBER OF COMMERCE TO THE EU AFTER AN IN-DEPTH DISCUSSION OF THE EU-INDIA FTA WITH COMMISSION OFFICIALS IN APRIL 2009¹³⁴

"EUROPEAN AND INDIAN CIVIL SOCIETY REPRESENTATIVES AGREE THAT ALMOST ALL ASPECTS OF THE NEGOTIATIONS WILL HAVE A DAMAGING EFFECT ON THE LIVELIHOODS OF INDIA'S POOR WOMEN AND MEN."

BARBARA SPECHT FROM THE WOMEN'S NETWORK WIDE¹³⁵



European trade activists protest against the EU corporate trade agenda in front of DG Trade's headquarters in Brussels, March 2010

TABLE 1: WHOSE INTEREST COUNTS FOR THE EU COMMISSION?

Issue	Requests from EU industry	EU negotiation position	Positions of public interest groups and Parliamentarians
IPR	<p>data exclusivity provisions that “protect” test date of authorised drugs and chemicals for a minimum of 10 years</p> <p>strict enforcement measures: police IPR-cells, training for police, customs and judges, border protection measures to prevent products alleged of infringing IPRs to be imported, exported and transported through the Indian market</p>	<p>Go beyond TRIPS standards: “This chapter shall complement and further specify the rights and obligations between the Parties beyond those under the TRIPS Agreement” (art. 8.1)</p> <p>introduction of data exclusivity in India (art. 18)</p> <p>extent patents from the standard 20 to up to 25 years (art. 17.3)</p> <p>border protection provisions that allow the seizure of products suspected of infringing IPRs at the Indian border (art. 36)</p> <p>training of personnel for the enforcement of IPRs (art. 38)¹³⁶</p>	<p>European Parliament resolution: “restrict the Commission’s mandate so as to prevent it from negotiating pharmaceutical-related TRIPS-plus provisions affecting public health and access to medicines, such as data exclusivity, patent extensions... within . . . future bilateral and regional agreements with developing countries¹³⁷”</p> <p>provisions on data exclusivity, patent extension and border measures/ enforcement should be excluded from agreement</p>
Tariffs	<p>Elimination of all import tariffs on industrial products without the possibility of excluding certain sensitive products</p> <p>Focus on zero tariffs for chemicals, textiles, automobiles and auto parts, electronics, precious metals, machinery</p> <p>Elimination of tariffs for agricultural products with a few exceptions for sensitive products</p> <p>Focus on zero tariffs for processed food and beverages, meat, dairy, cereals, fruits and vegetables</p>	<p>Elimination of more than 90% of tariffs on manufactured and agricultural products within 7 years; aiming at tariff liberalisation for all industrial products</p> <p>Zero tariffs on chemicals, textiles and probably also dairy, automobiles, processed food and beverages</p> <p>Less radical liberalisation commitments for a limited list of sensitive agricultural products</p>	<p>European Parliament stressed “right of governments to maintain necessary policy space and regulatory capacities to shape economic and social policies that serve their most vulnerable people, including trade measures to protect weak economic actors”¹³⁸.</p> <p>Preserve tariffs to generate revenue for social spending and protect vulnerable sectors of society</p> <p>Cutting 90% or more of all tariffs goes too far; up to 60% of agricultural duties must be treated as sensitive</p> <p>Need for deep impact assessments with focus on livelihood protection</p>
Services and Investment	<p>Dismantling of regulations that are in the way of EU companies: no limits on foreign ownership for European banks and insurance companies; open up closed sectors like retail, accounting, legal and postal services; unlimited transfer of profits of European subsidiaries; no limits on risky forms of investment</p> <p>Broad protection for European investments in India particularly against expropriation; far-reaching obligations for India</p> <p>Investor-to-state provisions that allow companies to directly sue India through international tribunals</p>	<p>“far reaching liberalisation of services and investment¹³⁹”</p> <p>emphasis on the following sectors: banking, insurance, retail, accounting, legal and postal services...</p> <p>full liberalisation of capital movements</p> <p>no limits on risky forms of investment</p> <p>Maximum protection for EU investors</p> <p>Investor-to-state provisions that allow companies to directly sue India through international tribunals</p>	<p>Governments need maximum flexibility to limit and regulate foreign investment and services to minimise costs and maximise benefits for their societies and in particular vulnerable groups</p> <p>Focus should not be on investment protection, but on fostering positive investor behaviour and promoting long-term sustainable investment</p> <p>Obligations not just for state receiving investment, but also for companies and their home states (e.g. relating to social, environmental + labour standards and development)</p> <p>No international investor-to-state dispute settlement¹⁴⁰</p>

Issue	Requests from EU industry	EU negotiation position	Positions of public interest groups and Parliamentarians
Government procurement	<p>Open Indian market to enable European companies to bid for public contracts in sectors such as energy infrastructure, water treatment, healthcare, transport or construction</p> <p>EU companies should be treated like domestic and other foreign companies (non-discrimination + national treatment)</p>	<p>"progressive liberalisation of procurement markets at national, regional, and, where appropriate, local levels; as well as in the field of public utilities"</p> <p>"gradual market access on the basis of the principles of non-discrimination and national treatment"¹⁴¹</p>	<p>Governments must be allowed to favour particular suppliers in their procurement policies to boost domestic production and support small enterprises, marginalised constituencies and poorer regions</p>
Access to raw materials	<p>ban export taxes and other export restrictions on raw materials to secure European industry unhampered access to manufacturing inputs</p>	<p>prohibit export taxes and other export restrictions</p>	<p>no ban on export restrictions</p> <p>respect the right of countries to regulate their exports of raw materials</p> <p>recognise communities' right over natural resources and stop forced displacement of people from their habitats and sources of the livelihood</p>

Source: Own compilation



Street vendors protest for livelihood security and against the EU-India FTA, Delhi, June 2010

BOX 4: INDIAN TRADE POLICY AND THE BUSINESS-POLITICS NEXUS

In India, the Ministry of Commerce and Industry (MOCI) is responsible for conducting trade negotiations. It is neither mandatory nor common practice to consult other key ministries or departments such as labour, environment, social justice etc. Neither state governments nor the national Parliament have to be consulted; nor is the Parliament involved in the ratification process of international trade treaties. But the MOCI always makes sure it gets the Prime Minister's support.

Both, the MOCI and the Prime Minister get trade and investment advice from corporate bodies. In the case of the Prime Minister's office it is the Council on Trade and Industry, "created for partnership between Government and business" in the late 1990s¹⁴². It was re-vitalised in 2010 and brings together industrial and banking tycoons including Rata Tata (chief executive of the Tata group), Keshub Mahindra (chairman of the Mahindra conglomerate), Mukesh Ambani (leader of India's largest private company Reliance), telecom mogul Sunil Mittal and the leader of India's second largest bank ICICI, Chanda Kochhar¹⁴³.

The MOCI is advised by the Board of Trade. It brings together government officials, the presidents of India's biggest industry associations CII (Confederation of Indian Industry), FICCI (Federation of Indian Chambers of Commerce and Industry) and ASSOCHAM (the Associated Chambers of Commerce and Industry of India) and the chief executives of large corporations like Apollo Tyres, Dr. Reddy's Laboratories (pharmaceuticals), WIPRO (IT), Mahindra (automotives, financial services, IT etc.), ITC (tobacco) and the Darjeeling Tea Association¹⁴⁴. Trade unions, NGOs and social movements are not represented.

Sometimes, the MOCI organises public consultations about ongoing trade negotiations. But they are dominated by business federations like FICCI and CII and have a very limited focus. Larger issues like the impact of trade polices on livelihoods, health or the environment are not addressed and many of the crucial stakeholders and critical civil society groups are absent. In other cases, FICCI and CII carry out consultations on behalf of the MOCI, with an even larger business bias. Positions that have been put forward in these 'open' consultations are not public and are not even made available on request.

But big business influence on Indian trade policy does not end with these consultations. Washington-style corporate lobbying practices are on the rise in India, with lobbying luncheons happening all over Delhi and the revolving-door between corporations and government institutions swinging ceaselessly¹⁴⁵. Popular sayings like Yeh sarkar wo sarkar-Tata Birla ki sarkar (Whether it is the state or the central government, both are run by Tata-Birla) reflect the general belief that businessmen have too much access to power, 'influence' their way to personal wealth at the country's expense and should actually be prevented from having such access¹⁴⁶. More recently, a lobby scandal involving India's telecom minister has led to opposition attacks on Manmohan Singh government's "most unhealthy nexus between big business and politics". The government seems to agree that opening up of the economy and the fast pace of growth has created too much space for lobbyists and has promised to address the issue¹⁴⁷.

"WASHINGTON-STYLE PRACTICES OF CORPORATE LOBBYING HAVE CREPT UP ON NEW DELHI POLITICS, SUBVERTING THE POLICY-MAKING PROCESS TO MEET THE PROFIT IMPERATIVES OF PRIVATE CORPORATIONS. THE NEW TREND OF CORPORATE LOBBYING IN INDIA PRESENTS A REAL AND SERIOUS THREAT TO DEMOCRACY."

PRAFUL BIDWAI, JOURNALIST AND FORMER EDITOR OF THE TIMES OF INDIA¹⁴⁸

"YEH SARKAR WO SARKAR-TATA BIRLA KI SARKAR – WHETHER IT IS THE STATE OR THE CENTRAL GOVERNMENT, BOTH ARE RUN BY TATA-BIRLA."

POPULAR SAYING IN INDIA



4.1 Corporate India's grip on the Indian negotiating position

Long before the EU-India FTA talks began, Indian industry was given the opportunity to insert its interests in the official negotiation agenda. The big business organisations CII and FICCI were the only non-government participants in the EU-India High Level Trade Group (HLTG), which was set up in 2005 to nail down the broad parameters of the future FTA negotiations.

The group's 2006 report contains far-ranging liberalisation 'recommendations', several of which were clearly penned by industry. In its FTA position paper, CII, for example, advocated tariff cuts for "90% of traded goods"¹⁴⁹. This was repeated by the HLTG, which approved the elimination of 90% of all tariffs in the EU and India within a period of only seven years. The group also recommended substantial services liberalisation, improved market access for foreign investors, the free repatriation of their profits, talks about liberalising government procurement markets and the protection and enforcement of IPRs¹⁵⁰. With up to a quarter of the seats on the Indian HLTG delegation, CII and FICCI were well positioned to put these issues across¹⁵¹. No wonder, they considered their involvement "very important"¹⁵².



Prime Minister Dr. Manmohan Singh addresses the India-EU Business Summit in Paris, September 2008
Photo: Prime Minister's Office

"CII IS ALWAYS INVOLVED IN THE FTA TALKS FROM THE VERY BEGINNING AT A VERY HIGH LEVEL. AND THAT HAPPENS AUTOMATICALLY. IT IS NOW ALMOST NORMAL FOR THE GOVERNMENT TO CALL UPON US AT THE VERY EARLY STAGE."

PRITAM BANERJEE, HEAD OF CII'S TRADE AND INTERNATIONAL POLICY DIVISION¹⁵³

Big business' undue influence on the Indian negotiating position continued after the official launch of the EU-India talks in June 2007. Shortly after the launch, the government organised a series of consultations with business associations including FICCI, CII and ASSOCHAM to address two questions: how can Indian industry best be protected against European competitors through a list of sensitive products? And what products should by no means be listed as sensitive by the EU because of India's own export interests¹⁵⁴? Without that feedback from business, MOCI's Rajgopal Sharma explained: "market access for our exports in the world market cannot be realised up to their true potential"¹⁵⁵. Larger issues about the FTA's impacts on livelihoods, health or the environment, however, did not make it onto the agenda of the 'open' consultations. And many of those who were most likely to be adversely affected by the trade pact were by-passed.

Big business appreciated the government's invitation to mobilise against tariff cuts for its products. SIAM, the car producers' lobby group, for example, stressed that "no concession should be given to the EU and we will oppose any reduction of duties on automobiles". It was backed by ACMA, the influential auto component lobby. According to SIAM, these lobby efforts paid off¹⁵⁶.

India proposed dozens of automobile and engine product lines as part of its list of sensitive products to the EU¹⁵⁷. At the same time, it challenged the EU's list and pushed for the elimination of 95% of European tariffs – and not just 90% as suggested by the HLTG¹⁵⁸. No wonder, European corporate lobbyists see key Indian industries as "absolutely very much supported by the Indian negotiators"¹⁵⁹.

Fisherfolk left out to dry

Indian trade unions, farmers', human rights and women's groups, in contrast, had long warned that far more than the envisioned 10% of products would have to be excluded from tariff cuts to protect food security and livelihoods in India. They also criticised the trade-offs between different economic sectors and India's offensive and defensive interests as "extremely problematic" from a public policy perspective¹⁶⁰. For example, the number of fish products on India's list of sensitive products was narrowed down to just a few categories because India's export interests were considered more important than those of India's fisherfolk¹⁶¹. Millions of people employed in the sector now fear that cheap imported fish will destroy their livelihoods and undermine food security.

"FISH SPECIES SUCH AS MACKERELS, SARDINES, MULLET, ANCHOVIES AND FLOUNDERS, THE MEANS OF LIVELIHOOD FOR TRADITIONAL FISHWORKERS WILL BE IMPORTED UNDER MINIMUM TARIFFS. WE WILL BE DENIED A JUST PRICE FOR OUR CATCH AS IMPORT OF SUBSIDISED FISH WOULD CAUSE LOCAL PRICES TO PLUMMET."

T. PETER, KERALA INDEPENDENT FISHWORKERS FEDERATION¹⁶²



The overlap between industry's wish-lists and the position of the Indian government in the FTA-talks goes beyond the issue of tariff cuts. The Indian government's focus on services liberalisation likewise reflects its industry's interest in providing more services to Europeans, for example, through call-centres and online medical transcriptions in India or through subsidiaries in the EU. Indian services companies also want to make it easier for their professionals to work within and freely move across the EU – through mutual recognition agreements for qualifications, relaxed visa policies and a Schengen-like EU-wide work permit¹⁶³. European trade unions have criticised this agenda for the unregulated temporary migration of employees, as working "to the detriment of workers and communities both in the countries of origin and of destination". They see trade negotiations as the wrong place for decisions about this kind of labour mobility¹⁶⁴.

So-called non-tariff barriers are another corporate-driven focal point for the Indian negotiators. In 2009, FICCI carried out a survey about the market barriers faced by Indian companies when doing business in the EU. Agricultural subsidies, quality standards and tests for fresh and processed fruits as well as lack of clarity on the EU's chemical regulation REACH were among the major issues raised¹⁶⁵. They were picked up by the government immediately, which, according to a report by the European Parliament on the negotiations is mainly concerned about "the lack of harmonisation of micro-biological standards in the EU, implications of REACH, costly certificates for exporting fruit to the EU and costly conformity procedures for the EC market"¹⁶⁶. Like its European counterpart, Indian industry also wants to be able to challenge any new EU procedure or law that might hamper its exports and wants to place "the onus of explaining the need for the new procedure or law... on the partner who is introducing the law"¹⁶⁷.

This export-and-get-rid-of-the-standards-in-your-way agenda creates a number of problems. First, many of the

envisioned export products like fruits and vegetables are important for India's food security. Second, the export gains hardly ever trickle down to the small-scale farmers growing them who are in dire need of stable incomes. Third, the corporate pressure on existing and envisioned standards and regulations could lead to a significant regulatory chill in both India and the EU – to the detriment of consumers, public health, workers and the environment.

Last but not least, the Indian government has abstained from negotiating on the issues Indian industries do not want to include. They have several times made clear that they "will not be very confident with an agreement which has very stringent labour and environmental standards attached to it"¹⁶⁸. FICCI even claimed that the export of textiles and clothing to the EU has already become more difficult for Indian exporters because of various certification requirements related to the environment, health and labour issues¹⁶⁹. Consequently, the Indian government has rejected outright the EU's wish to negotiate an FTA-chapter on sustainable development, which it claims lies outside the scope of a trade agreement¹⁷⁰.

"WE WORK VERY CLOSELY WITH OUR OWN MINISTRY OF COMMERCE AND INDUSTRY... TO MAKE SURE THAT INDIAN INDUSTRY INTERESTS ARE KEPT IN MIND WHENEVER TRADE POLICY IS BEING FORMULATED OR WHENEVER TRADE NEGOTIATIONS ARE GOING ON."

PRITAM BANERJEE, HEAD OF CII'S TRADE AND INTERNATIONAL POLICY DIVISION¹⁷¹

4.2 IPR and retail – a joint EU-India big business agenda?

On other contested issues in the FTA-negotiations it is not yet clear what position the Indian government will eventually take. The opening up of the Indian retail sector is one example. Faced with a joint offensive from the EU Commission and EU businesses to liberalise the sector, the Indian government has until now

maintained a low profile on the issue. But it is also under high pressure from Indian corporate retailers like Bharti or Reliance which, for years, have been campaigning for relaxed FDI rules in the field.

At the 2009 EU-India business summit Bharti's man in charge, Sunil Mittal, told the attendant corporate-political elite that there was a need to open Indian retail, even though one had to be careful in doing this "in order to avoid unrest"¹⁷². This demand is echoed by the big business associations CII – which used to be chaired by Mittal – and FICCI, currently led by his younger brother and Bharti vice chairman Rajan. The latter has said that opening up the retail sector is top of his agenda as FICCI president¹⁷³. It is no coincidence that in May 2010, the Prime Minister's main advisory body on trade issues, the Council on Trade and Industry, spoke out in favour of opening the Indian multi-brand retail sector to foreign investors¹⁷⁴. Sunil Mittal and Mukesh Ambani from Reliance are both members of the body.

Their campaign is echoed by other global retailers who roam the India's corridors of power. "It is impossible to swing a cricket bat in India without hitting teams of foreign retailers and consultants like Wal-Mart, Carrefour, McKinsey and AT Kearney who are studying the retail opportunity," an investment group reported back in 2006¹⁷⁵. There have been reports about the UK government "lobbying like mad" for UK multinational Tesco¹⁷⁶. The world's biggest company, Wal-Mart, has spent millions of dollars lobbying the US and the Indian government to enter the Indian retail market. And the money seems to have been well spent. In February 2010, the chief executive of Bharti Wal-Mart said that he was optimistic that the Indian government would allow FDI in the retail sector¹⁷⁷.

*"WE ARE LOBBYING LIKE MAD."
FORMER BRITISH HIGH COMMISSIONER IN
INDIA, MICHAEL ARTHUR, ON TESCO'S
EFFORTS TO ENTER THE INDIAN MARKET¹⁷⁸*

This would not only threaten the livelihoods of millions of street vendors and small shop owners (see chapter 3.4.3). It

would also go against the Indian Parliament's advice for a blanket ban on foreign investment in retail from June 2009. At the time, a Parliamentary Committee argued: "Opening up of FDI in Retail Trade by allowing single Branch foreign firms in India will result in unemployment due to slide-down of indigenous retail traders. Consumers' welfare would be side-lined, as the big retail giants, by adopting a predatory pricing policy, would fix lower price initially, tempting the consumers. After wiping out the competition from local retailers, they would be in a monopolistic position and would be able to dictate the retail prices. Local manufactures, in particular the small scale industrial sector, would be gradually wiped out. The entry of few big organised companies, may result in distortions in the economy and the gap between 'haves and have nots' in the country"¹⁷⁹.

"GIANT RETAILERS LIKE METRO, TESCO, CARREFOUR AND WAL-MART ARE GAINING GROUND IN INDIA WITH ALARMING SPEED. THEY CONTROL SUPPLY CHAINS AND DESTROY EXISTING RETAIL STRUCTURES. PRODUCERS AND CONSUMERS WILL BE THE ULTIMATE LOSERS IF THIS CONTINUES."

VIJAY PRAKASH JAIN, GENERAL SECRETARY, BHARTIYA UDYOG VYAPAR MANDAL, AN ALL INDIA FEDERATION OF SMALL BUSINESSES AND INDUSTRIES¹⁸⁰

Intellectual property rights provoke hot debate

The Indian government is also under fire from parts of its corporate elite over the controversial issue of intellectual property rights (IPRs). India has blocked the enhancement of IPR enforcement standards in various multilateral fora and resisted pressure to integrate a TRIPS-plus enforcement at home. This has been supported by many of its domestic companies. But some powerful industry lobbies are pushing a TRIPS-plus agenda. The CII, for example, has sided with the global pharmaceutical companies by supporting data exclusivity for five years.

During that time, authorities would not be able to rely on existing test data for a medicine to register an equivalent cheaper generic version, which would increase the price of medication and could hamper India's generics industry. CII has also set up a special IPR enforcement initiative to introduce radical enforcement measures in India and create a global partnership to combat counterfeiting. As part of that initiative, the lobby group sponsored a series of conferences, packed with judges, lawyers, business leaders and government officials that were intended to forge the necessary alliances to really enforce patent law. These events have attracted heavy criticism from researchers, health, consumer and human rights groups, which have accused CII – and the Indian government, which partly co-sponsored the events – of siding with the very multinationals and governments that lobby vigorously against patent rejections by the Indian authorities, public interest provisions in India's patent legislation and for an internationally contested TRIPS-plus enforcement agenda in the country. This, they claim, is neither in the interest of Indian people, nor in that of Indian industry, particularly SMEs¹⁸¹.



Street vendor in Mumbai

Indian store of the German wholesaler Metro
Photo: Metro

4.3 Promoting corporate India's interests into the EU institutions

Ever since the launch of the EU-India FTA negotiations, corporate India has increased its lobbying of the EU institutions and governments. There have been numerous lunch and dinner meetings all over Delhi in recent years, where representatives from FICCI and CII could be heard putting forward their interests to key visiting figures from the EU and its member states – from the different EU Trade Commissioners via members of the European Parliament to the German President and the Greek Prime Minister. The EU delegation and member states' embassies are key in organising these intimate gatherings and passing on information about corporate India's interests¹⁸².

professional lobby firms in Brussels to push their interests inside the EU institutions via full-fledged lobby campaigns. The National Association of Software Companies (NASSCOM), for example, has hired PR multinational Hill and Knowlton to influence the EU-debate on the politically sensitive issue of labour migration linked to services trade. While EU member states consider this a migration issue that they don't want to assign to trade negotiators, trade unions fear that deregulating the temporary movement

"LABOUR MOBILITY NEEDS TO BE ANCHORED IN ANY AGREEMENT AS A RIGHT FOR WORKERS, NOT DESIGNED TO SERVE THE INTERESTS OF EMPLOYERS."

EUROPEAN FEDERATION OF PUBLIC SERVICE UNIONS¹⁸⁶

NASSCOM used Hill and Knowlton's lobbying expertise and dense web of Brussels contacts to feed this message into the EU policy-process. The person working on the file was a former trainee in the European Commission's Secretariat-General, so knew the Commission from the inside. She helped draft position papers and briefing notes, reached out to the media, assisted in forming coalitions and directly lobbied EU decision-makers, explaining "the reality that the utilisation of highly-skilled temporary workers will save companies money and help to kick-start the European economy"¹⁸⁸. NASSCOM's president, Som Mittal, even secured two exclusive meetings about the EU-India FTA with DG Trade's Director General David O'Sullivan¹⁸⁹.

The lobby strategy seems to have been successful. In an exclusive evening event



The Indian IT lobby – a lobby giant in the Brussels bubble?
Photo: Mark Kobayashi-Hillary, Flickr

In Europe, the lobbying approach used by CII, FICCI & Co. is also increasingly complex. It includes regular events organised by the Europe India Chamber of Commerce (EICC) in Brussels, many of them with high-level participation from EU Commissioners and Parliamentarians¹⁸³. Large government-industry delegation visits to key EU member states have been organised. And there have been more and more targeted lobby meetings between Indian captains of industry and top EU negotiators. The Indian embassy in Brussels seems to play an increasing role in facilitating these contacts¹⁸⁴.

Corporate India has also started hiring

of workers might worsen their conditions and increase the downward pressure on labour standards across Europe¹⁸⁵.

NASSCOM, however, wants to move its highly skilled non-EU staff across the EU – without having to apply for a new work visa in every member state and without having to deal with national regulations such as minimum salaries. It has proposed a more flexible, EU-wide work permit and has tried to convince EU decision-makers that so-called intra-company transferees (ICT) are a separate, specific group of workers that "do not form part of the labour market of the Member State or Member States to which they are temporarily transferred"¹⁸⁷.

that brought together ambassadors and high level diplomats from the EU member states to the Embassy of India in Brussels at the beginning of May 2010, it was acknowledged that the EU's proposal on ICTs would ease the temporary migration of high-skilled migrants to the EU¹⁹⁰. And while participants also acknowledged the continuing sensitivities around the issue in Europe, NASSCOM seems to be prepared to take on that challenge. "When the time comes, we will meet with ambassadors and politicians in various EU countries," a confident NASSCOM president Mittal told the media¹⁹¹.

4.4 Behind closed doors, not listening to the people

It is a paradox that the 'two largest democracies in the world' are locked in FTA negotiations behind closed doors, which will impact upon on all aspects of people's lives. Until today, no negotiation text or position has been made available to the Indian public, the Parliament or state governments for public scrutiny. Whenever Parliamentarians or members of state governments have questioned the Indian government on the content of the FTA, they have been deflected with superficial information or received nothing at all¹⁹². Impact studies about the EU-India FTA, which have been commissioned by the government, have also been kept out of the public domain¹⁹³. Similarly information about the 'open' consultations on the FTA and about the positions that have been put forward by the stakeholders has not been made available. Respective access-to-information requests have been refused¹⁹⁴.

In the absence of transparency, labour unions, civil society organisations, representatives of the informal sector, dalit and adivasi groups, fishermen and women, farmers' and women's networks have had little chance to understand the implications of the negotiations or to fight

for their interests. In 2008, some 75 of them formed the Forum against FTAs¹⁹⁵ to jointly analyse the critical issues involved in India's FTA negotiations and campaign against their disastrous impacts. The forum has called for the immediate stop to all FTA negotiations until:

- all information on the FTAs is released, including government commissioned studies, negotiation texts and positions
- there are broad public consultations, including with key constituents such as trade unions, farmers, women, dalit, adivasi and other peoples organisations, SMEs, cooperatives, street vendors and state governments
- a white paper on India's FTA strategy and its socio-economic and ecological impacts has been debated in Parliament
- procedures for mandatory Parliamentary and State Legislatures' approval of all FTAs are in place¹⁹⁶.

These demands have been ignored by the Indian government and the Minister of Commerce and Industry has not found the time to listen to these dissenting voices.

"WE ARE DEEPLY CONCERNED THAT AN FTA WITH THE EU IN THE BACKDROP OF ITS CORPORATE DRIVEN GLOBAL EUROPE STRATEGY WILL HAVE ADVERSE SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACTS."

FORUM ON FTAS, MARCH 2009¹⁹⁷

"WE ABSOLUTELY OPPOSE THE SIGNING OF THIS FTA AS IT WILL HAVE SERIOUSLY DETRIMENTAL EFFECTS ON RURAL LIVELIHOODS, INDIA'S AGRICULTURAL PRODUCTION AND CONSEQUENTLY THE FOOD SECURITY AND NATIONAL SOVEREIGNTY OF INDIA ITSELF."

INDIAN COORDINATING COMMITTEE OF FARMERS MOVEMENTS IN A LETTER TO PRIME MINISTER SHRI MANMOHAN SINGH, APRIL 2010¹⁹⁸

Protest against the EU-India FTA, Delhi, March 2010



5 THE HUMAN CONSEQUENCES OF THE FTA

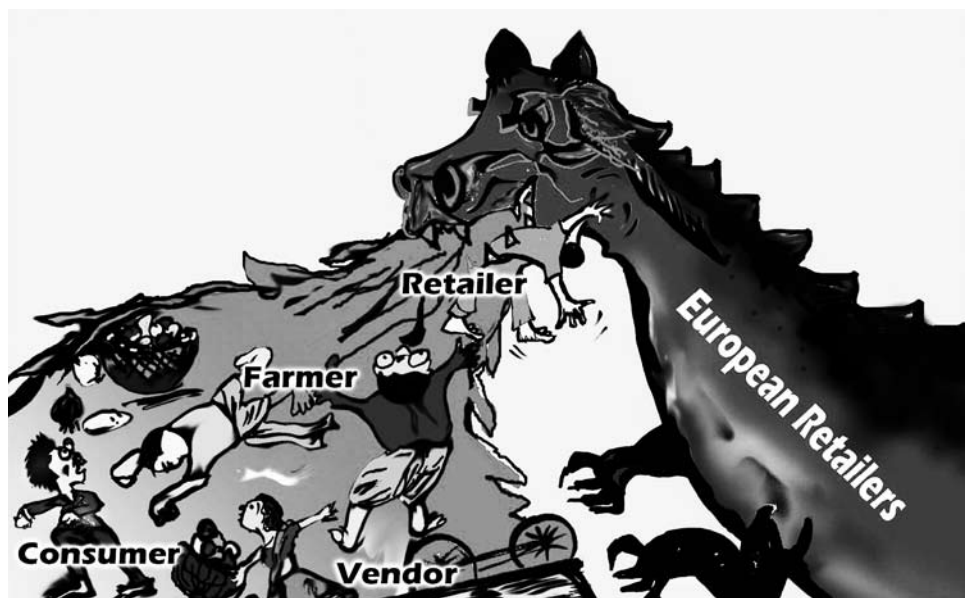
The little that has been leaked from or reported so far about the ongoing negotiations between the EU and India raises a number of concerns about the FTA's impacts. The following sections outline some of the main criticisms that have been raised by farmers, trade unionists, women's organisations, public health and other civil society groups.

Undaunted by the ongoing financial crisis, the EU-India FTA aims to further liberalise and deregulate financial services in both India and the EU. The EU is likely to demand the opening of the Indian market for risky financial products and the removal of certain regulations that limit the foreign ownership or size of a bank. This could not only further destabilise the financial system, but also reduce access to banking services in rural areas, for the poor and for agricultural production. Unlike their domestic counterparts, foreign banks are not required to open bank offices in rural areas nor to provide agricultural loans nor to lend to people below the poverty line. Under the FTA, European banks would most likely continue to focus on "class banking" instead of "mass banking"¹⁹⁹. According to the EU's own FTA impact assessment, this could increase the pressure on domestic banks to also "concentrate more on profitable segment of urban and semi-urban markets"²⁰⁰.

"IN THE WAKE OF THE GLOBAL FINANCIAL CRISIS, A SERIOUS RETHINKING ON OPENING FINANCIAL SERVICES MUST TAKE PLACE. THE CRISIS HAS DE-LEGITIMISED THE 'BEST PRACTICES' OF EUROPEAN BANKS AND CALLS FOR AN EXPANSION OF THE DOMESTIC REGULATORY SPACE NOT ITS RESTRICTION AS THE EU IS DEMANDING."

INDIAN BANK EXPERT KAWALJIT SINGH²⁰¹

On the whole, India is likely to lose from the FTA's envisioned tariff reductions. The country's average tariff level (notified to the WTO) is 50.2%, compared to 5.4% in the EU²⁰². This means India will have to reduce its tariffs far more than the EU and will face a major loss of tax revenue. The abolition of protective tariffs might trigger surges of cheap imports from the EU, with negative impacts on employment and working conditions. This is particularly worrying for the 92% of India's 457 million workforce who are in the informal sector, with no job security and little income²⁰³. The



fisheries sector, for example, a powerful income and employment generator for a large section of economically marginal population in the country, might suffer from the import of cheap EU fish products²⁰⁴. The consequences for the agricultural sector seem equally disturbing as Indian farmers will be forced to compete with EU products such as dairy and dairy products, poultry, coffee, tea, sugar, cereals, fruits and vegetables, some of them heavily subsidised²⁰⁵. Temporary quantitative restrictions on harmful import surges as currently proposed in the 2009 Foreign Trade (Development and

Popular perception of the corporate takeover of the Indian retail market is reflected in this cartoon



Regulation) Amendment Bill would no longer be an option.

The EU, on the other side, seems to have accepted that, in general, trade liberalisation can lead to “massive job losses” due to “economic relocation to third countries, a substantial increase in imports, or a rapid decline of the EU market share in a given sector”. To compensate workers in regions and sectors “which have been disadvantaged by exposure to the globalised economy”, the EU has even set up the €500 million (INR 2,854 Crores) strong European

estate, subsistence land agriculture into corporate-owned farms and farms into factories – to the detriment of those who are already denied access to land, like women and dalits²⁰⁸. Liberalising FDI in the natural resource and mining sectors could likewise exacerbate ongoing struggles against the land and water grabbing of extractive companies and subsequent displacement of thousands of tribal people in the central and eastern parts of India²⁰⁹. India’s fisherfolks also fear that large investors in the fisheries sector will endanger their livelihoods because of the potential overuse of marine resources



Globalisation Adjustment Fund²⁰⁶. The block’s own impact assessment on the proposed FTA with India predicts job losses in the EU’s automobile and clothing sector, affecting particularly female and migrant workers²⁰⁷.

The liberalisation of foreign investment could have far-ranging impacts on the livelihoods of millions of India’s economically disadvantaged. If, for example, EU-investors are granted unrestricted access to Indian land, this could lead to a dramatic change in the patterns of land use. More plantations could turn into real

and depletion of fish. Finally, opening up the retail sector to European supermarket chains could threaten the livelihoods of millions of street vendors and small shop owners. Several studies have shown that they are adversely affected by the market entry of corporate retailers. Street vendors, in particular women, Muslims and those selling fruits and vegetables, name the competition with Big Retail as the number one reason for declines in their income²¹⁰.

The EU-India FTA might also include clauses for investment protection and

One of India’s tribes, the Dongria Kondh, blockades the road to the site of a proposed bauxite mine of British Vedanta in the Niyamgiri hills in Orissa, east India
Photo: Survival International, www.survivalinternational.org

investor-to-state dispute settlement mechanisms. This would grant corporations the right to directly challenge the Indian government and the EU at international tribunals in case of a loss of predicted profits. Across the world, business has used these provisions to gain dizzying sums in compensation for regulatory measures that diminished the value of their investments. Resource-rich countries have been sued for denying mining permits on environmental and public health grounds and for taxing extractive industries to increase the benefits for their own people²¹¹. In the EU, energy giant Vattenfall is currently seeking €1.4 billion (INR 7,991 Crores) as compensation from the German government for environmental restrictions imposed on a coal-fired power plant in the city of Hamburg²¹². And in the infamous arbitration about the Dabhol power plant, US multinationals Bechtel and General Electric successfully claimed millions of dollars from India and the State of Maharashtra²¹³. The EU-India FTA could trigger lawsuits with similar dramatic economic impact and could prevent the EU and India from regulations in the public interest because there might be a dispute as a result.

Through the FTA, the EU also aims to ban India's export restrictions on raw materials to secure reliable and undistorted access to cheap manufacturing inputs for European industry. India is among the world's largest producers of minerals like chromium, rare earth, graphite and barite²¹⁴. The country has regularly limited the export of raw materials like rice, cotton, leather, iron ore and iron products to raise government revenue during commodity booms, encourage value-added sectors, protect natural resources or for reasons of price stability and food security²¹⁵. Denying India the right to restrict its exports, would deprive the country of important policy

space and could fortify the impoverishing trade pattern between India and the EU, according to which India exports raw products to the EU and imports processed, value-added products²¹⁶.

Various groups in India and Europe have raised serious concerns over the EU's demands for TRIPS-plus intellectual property rights protection in the FTA. They say that the EU demand to protect plant varieties according to the 1991 version of the Convention on the Protection of Plant Varieties (UPOV), and not the 1978 edition as is currently the case in India, would undermine the right of farmers to save, use, exchange and sell IPR protected seeds²¹⁷. Public health groups have criticised the EU's demands for data exclusivity, patent term extensions and tough IPR enforcement measures for limiting India's ability to provide access to affordable medicines in India and the rest of the world as a result of price increases. They argue that the EU's proposals could hamper and even prevent the market entry of and trade in cheaper, generic medicines, which play a crucial role in bringing down the prices of life-saving medicines for the treatment of AIDS, malaria, cancer, tuberculosis and other diseases²¹⁸.

Liberalising government procurement, the purchase of goods and services by governments, is another priority for the EU and its businesses. They want to have the same access to central, state and local government contracts, accounting for nearly 13% of India's GDP, as local suppliers. This, however, would seriously undermine India's policy space to channel public spending to SMEs, marginalised groups such as women and to poorer regions to reduce social and economic inequality²¹⁹. In the current economic crisis, countries have widely used this policy space to stimulate domestic economies. In addition, European trade unions have

warned that the liberalisation of public procurement markets can lead to a bias in favour of low wage, lost cost producers, including in the delivery of essential services²²⁰.

"IT IS HARD TO ACCEPT THAT ANY INTERNATIONAL AGREEMENT SHOULD PREVENT GOVERNMENTS FROM INVESTING PUBLIC RESOURCES IN JOB CREATION, COMMUNITY ECONOMIC DEVELOPMENT AND ECONOMIC RENEWAL THROUGH ITS PURCHASING POLICIES."

EUROPEAN FEDERATION OF PUBLIC SERVICE UNIONS (EPSU)²²¹

From a development and labour rights perspective, the joint Indian and European business demand to ease the movement of staff in transnational services companies is also not without its problems. A permanent outflow of skilled labour such as medical and IT personnel could mean a shortage of trained labour in India, tax losses, and the export of acquired skills and knowledge²²². This is particularly worrying in the health sector, as India has the highest emigration rates for doctors in the developing world but is also way off target for meeting most of the health-related Millennium Development Goals, including infant mortality, malnutrition and maternal health. Trade unions have warned that the "unregulated temporary cross-border movement of employees... works to the detriment of workers and communities both in the countries of origin and of destination"²²³. With 'FTA-migrant workers' most likely having fewer rights than their domestic colleagues, labour standards in host countries would be put under immense pressure while costs for social security would be dumped on the country of origin²²⁴.

6 CONCLUSION

On both sides of the negotiations, the free trade talks between the EU and India are tailored to corporate interests. Both the EU Commission and the government of India have entered into a symbiotic working relationship with big corporations and their lobby groups. Both have put in place a dense web of corporate advisory bodies, working groups and consultation channels through which business can exercise undue influence over trade-policy making. And both largely ignore people who stand up for a trade policy that acts in the interest of people's livelihoods.

Corporate lobbyists, on the other hand, flood the power hubs in Brussels and Delhi, jockeying for influence over negotiators to gain the most from the FTA. While they do have competing interests, they also work together on issues such as the opening of the Indian retail market, the right to directly sue governments for hampering corporate profits, the unregulated movement of workers across the globe and increasingly also the tightening of intellectual property rights.

The result is a corporate-driven trade agenda with devastating impacts for those who are already on the lowest rung of the socio-economic ladder – whether they are farmers, workers or poor patients. The result is also a grave violation of the most basic democratic principles in the two self-proclaimed largest democracies of the world.

This must not continue. Both the Indian government and the EU institutions have a political responsibility to end their incestuous relationship with vested interest groups and develop a trade policy which prioritises social and ecological justice over corporate interests. As a first step, both sides should halt the EU-India FTA negotiations until:

- all existing negotiating positions, draft proposals, stakeholder contributions and government commissioned studies are made public;
- comprehensive impact assessments and meaningful, broad consultations with the most affected groups in Europe and India have taken place;
- they have put an end to their habit of joint-policy making with big business;
- development, livelihoods, food sovereignty, environmental, social and gender justice form the core of their trade policy agenda.

ABBREVIATIONS

ACEA	European Automobile Manufacturers Association
ACMA	Automotive Component Manufacturers Association of India
AmCham EU	American Chamber of Commerce to the European Union
ASEAN	Association of Southeast Asian Nations
ASSOCHAM	Associated Chambers of Commerce and Industry of India
AVEC	Association of Poultry Processors and Poultry Trade in the EU countries
BDI	Federation of German Industries
CEFIC	European Chemical Industry Council
CEPI	Confederation of European Paper Industries
CEO	Chief Executive Officer
CIAA	Confederation of the Food and Drink Industries of the EU
CII	Confederation of Indian Industry
CLITRAVI	Liaison Centre for the Meat Processing Industry in the European Union
DG	Directorate General (of the European Commission)
EADS	European Aeronautic Defence and Space Company
EBG	European Business Group
EBTC	European Business and Technology Centre
ECPA	European Crop Protection Association
EDA	European Dairy Association
EEA	Europe Express Association
EFPIA	European Federation of Pharmaceutical Industries and Associations
EFTA	European Free Trade Association
EICC	Europe India Chamber of commerce
EPA	Economic Partnership Agreement
EPSU	European Federation of Public Services Unions
ESF	European Services Forum
ERRT	European Retail Roundtable
ETRMA	European Tyre & Rubber Manufacturers' Association
EU	European Union
FDI	Foreign Direct Investment
FEB	Federation of Enterprises in Belgium
FICCI	Federation of Indian Chambers of Commerce and Industry
FTA	Free Trade Agreement
GDI	Gender-Related Development Index
GDP	Gross Domestic Product
HLTG	High-Level Trade Group
ICT	Intra-Corporate Transferees
INR	Indian Rupee
IPR	Intellectual Property Right
IT	Information Technology
MEDEF	French Confederation of Industries
MOCI	Ministry of Commerce and Industry (in India)
NASSCOM	National Association of Software Companies
NGO	Non-Governmental Organisation
NTB	Non-Tariff Barrier
REACH	EU regulatory framework for Registration, Evaluation, Authorisation and Restriction of Chemicals
SIAM	Society of Indian Automobile Manufacturers
SME	Small and Medium Enterprise
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UEAPME	European Association of Craft, Small and Medium-Sized Enterprises
UNICE	Union of Industrial and Employers' Confederation of Europe (now BusinessEurope)
WHO	World Health Organisation
WTO	World Trade Organisation

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Trade Invaders **How big business is driving the EU-India free trade negotiations**

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Corporate Europe Observatory
Rue d'Edimbourg 26
1050 Brussels
Belgium
ceo@corporateeurope.org
www.corporateeurope.org

India FDI Watch
DA-268, SFS Flats
Shalimar Bagh, Delhi-110088
India
indiafdiwatch@gmail.com
www.indiafdiwatch.org

India FDI Watch is a campaign to promote ecologically sustainable and economically viable modes of production, distribution and consumption. It endeavours to protect food security and livelihoods by reining in the rise of corporations in agriculture and the retail sector. Specifically, India FDI Watch wants to stop giant corporations such as Tesco, Metro and Carrefour entering India until they make satisfactory guarantees that will protect communities and the environment; ensure the stability of existing small businesses; guarantee fair wages and working conditions for their own employees and employees in the supply chain; and guarantee union protection.

Corporate Europe Observatory (CEO) is a research and campaign group working to expose and challenge the privileged access and influence enjoyed by corporations and their lobby groups in EU policy making. CEO works in close alliance with public interest groups and social movements in and outside Europe to develop alternatives to the dominance of corporate power in order to truly address global problems including poverty, climate change, social injustice, hunger and environmental degradation.