

FREE TRADE AGREEMENTS IN THE ARAB REGION

Proceedings report of a regional workshop

Organized by

The Arab NGO Network for Development

In partnership with the Third World Network

In collaboration with the Arab States Program of United Nations Development Program

The Arab NGO Network for Development (ANND) is a regional network working on three main issues in the Arab region; development policies, democracy and socio-economic reforms, and globalization and trade. ANND members include 7 national networks and 27 non-governmental organizations from 11 Arab countries.

Contact:

ANND Executive Office

Al- Zuheiri Bldg. 4th floor

Wata El Musaitabi, Cola Area

P.O.Box: 5792/14, Mazraa: 1105 – 2070

Beirut, Lebanon

Tel: (961) 1 319 366

Fax: (961) 1 815 636

Email: annd@annd.org

Website: www.annd.org

This report was prepared by Kinda Mohamadieh- coordinator of the ANND program on Trade and Globalization
[kinda.mohamadieh@annd.org]

This report is a summary of the presentations given during the regional workshop whose agenda and list of speakers are attached. The meeting was part of the two-year project on the socio-economic impact of trade liberalization policies on the Arab region, which ANND implemented with the support of the Ford Foundation.

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Background about the Meeting:

The Arab NGO Network for Development (ANND), in partnership with the Third World Network (TWN), and in collaboration with the Arab States Program of United Nations Development Program (UNDP), organized a regional meeting for experts and civil society organizations, on free trade agreements in the Arab region. The meeting came in the framework of a two-year regional project organized by the Network on the “Socio-economic impact of trade liberalization in the Arab region”, which is supported by the Ford Foundation.

The workshop gathered more than 55 participants; it involved presentations and participation by scholars, civil society organizations, and Arab government officials. The panel presentations and discussions were designed to enhance the understanding of the details and potential effects of regional trade agreements in the Arab region in order to begin to gauge how these agreements will affect human development. The main trade agreements examined were the US bilateral agreements with various Arab countries and the EU-Mediterranean association agreements. This was done against the backdrop of the global trade regime under the auspices of the WTO and in comparison with experiences from other regions.

The workshop aimed at:

- Opening dialogue between civil society organizations and experts on trade issues, Revise the structure, content, and mechanisms of Free Trade Agreements (FTAs) signed by Arab countries
- Looking at whether these agreements are consistent with the developmental objectives of the region
- Looking at the impact of bilateral FTAs on various areas of developmental and economic importance including health and intellectual property rights, services, investment, market access, and government procurement

1. Overview on Trade and Development:

The origins of FTAs seem to lie in the colonial periods, when trade exchange was forced on colonized peoples under unfair terms. By the end of the 1940s, the three international institutions -- the International Monetary Fund (IMF), the World Bank (WB), and the General Agreement on Tariffs and Trade (GATT) -- were established to set the framework for global trade exchange. Later in the mid 1970s, the United Nations Commission on Trade and Development (UNCTAD) was established as a product of the work done by economic thinkers from the developing world; it aimed to fill the gaps in the GATT trading system. Yet, by the beginning of the 1980s, both the administrations of Ronald Reagan in the United States and Margrete Thatcher in the United Kingdom were pushing policies set to serve the interests of the multinational companies. In addition, they were trying to dismantle the agreements initiated through UNCTAD and limit the role of the UN agencies in various areas. In this context, the Bretton Woods system and its institutions- the IMF and WB- came to draw the basis for new trade policies.

The World Trade Organization (WTO) was born in 1994; wherein services, intellectual property rights, investment, and agriculture were brought into the global trading system. At that stage, the majority of developing countries were not aware of the consequences and implications of the WTO Uruguay round on their economies and development.

Between 1996 and 2000, developing countries represented through the G77 stated in their declarations that they believe in a totally free trade system that benefits all. Today, developing countries state that the free trade system does not benefit all countries, because they do not have the capacity to make use of the system as it is currently.

Accordingly, developed countries are moving towards bilateral agreements, whereby they try to achieve the interests that they failed to achieve through the multilateral system, represented by the WTO. Provisions of the bilateral agreements often exceed trade in goods to include investment, government procurement, and competition, which are not a part of the WTO negotiations. Bilateral FTAs between developed and developing countries tend to be unequal treaties. They try to eradicate escape clauses and flexibilities that developing countries can use under the WTO. These are not restricted to trade agreements anymore; but they are increasingly taking the form of economic, social, and environmental agreement.

Trade liberalization was promoted by the IFIs as market-based reform, whereby the role of government was ignored and replaced by the role of the market. The current trade system and WTO agreements try to remove the influence and power of governments but never tackle the power of multinationals. Instead, it promotes intellectual property rights (IPR), investment agreements, and competition laws at the same time when mergers of multinational companies take place in opposition to these laws.

The thinkers behind the Washington Consensus¹ stated that development is not the primary concern of the policies they promote. Moreover, the WB stated in writing, in a document tackling development in the Middle East and North Africa region (MENA) that 'In retrospect, during the 1990s, the one-size-fits-all policy approach to economic growth exaggerated the gains from improved resource allocation and the dynamic repercussions and proved theoretically incomplete and contradictive in evidence... means were often mistaken for goals, as if improvement in policies were ends by themselves'. However, the Bank continues with the same old recommendations for liberalization on the basis of universality.

It is clear that the legal framework for free trade set through the GATT and the WTO suffers from contradictions between the design of the rules, what is agreed upon in the legal framework, and what is practiced by developed countries. This context often proves in contradiction with national development strategies of developing countries. Consequently, developing countries are increasingly losing policy space to implement strategies that serve local interests and priorities. The result is specialization of developing countries in primary commodities, assembly services, and primary raw materials which trap them in backward industrial development stages.

Within this context, it is important to stress that trade should be a means to development and not an end by itself. Whether FTAs help or hinder development depends on the stage of development a country is at. If a country is not ready for liberalization, then it will be led to de-industrialization, especially when tariffs are reduced very fast. However, neo-liberal approaches have been promoting liberalization of trade irrespective of the countries' development stages.

II. About the Arab Region:

The Arab region is considered at a turning point in terms democratization and reform processes; yet economic reforms have been often overshadowed by political reforms. Economic reforms in the region were introduced in the late eighties by means of WB and the IMF structural adjustment policies. Currently, the region faces aggressive proposals for economic reforms, pushed by the European Union (EU) and the US. These proposals are based on the assumption that trade liberalization and investment are engines for growth.

Discourse surrounding economic reforms in the region includes core questions and significant controversies over the orientation of the economic system, the role of the state, the relationship between the state and the market, and the social dimension of development. The Alexandria Declaration, which is considered one of the leading declarations on reform in the

¹ The **Washington Consensus** is a phrase initially coined in 1987-88 by John Williamson to describe a relatively specific set of ten economic policy prescriptions that he considered to constitute a "standard" reform package promoted by Washington-based institutions such as the IMF and WB and US Treasury Department for crisis-wracked countries. The term "Washington consensus" has since acquired a secondary connotation, being used to describe a less-precisely stipulated gamut of policies, broadly associated with expanding the role of market forces and constraining the role of the state, sometimes also described (almost invariably pejoratively) as neo-liberalism.

(Information from http://en.wikipedia.org/wiki/Washington_Consensus)

Arab region, highlights this discourse. The Alexandria Declaration is the only fairly comprehensive civil society initiative for reform in the Arab region. This declaration stressed the necessity to address poverty in its multiple dimensions, including social and political marginalization, lack of participation, and constrained opportunities for upward mobility. It also focused on the employment problematic in the Arab region, whereby there are five million new Arab job seekers annually, which necessitates actual economic growth rates no less than 6%-7% annually. The declaration emphasized the core role of Arab civil society and private sector institutions in the economic reform process.

Arab countries have been increasingly signing bilateral, regional, and multilateral trade agreements. As is the case in other developing countries, FTAs are being signed at an accelerated pace with economically and politically more powerful developed countries, mainly the US, EU, Japan, and Australia. This phenomenon raises several concerns, which are addressed below.

Trade agreements cannot be tackled in isolation; the multilateral, regional, and bilateral trade processes are highly interlinked and have significant impact on each other. Accordingly, addressing the regional prospects for the Greater Arab Free Trade Area (GAFTA) cannot be separated from the stakes of Arab countries within the WTO or bilateral FTAs.

In the negotiations at the multilateral, regional, and bilateral levels, the Arab countries, as other developing countries, are put under a lot of pressure to open up their markets and change their national policy regimes for economic development. Yet, the coherence between the rules imposed by the various agreements is not evident. Moreover, strategy of quick engagement in such a large number of trade agreements appears to be precarious, especially since Arab countries suffer from supply-side constraints in most areas of production. Moreover, no socio-economic assessments of the implications are even being discussed.

Within this context, the pressures of liberalization have severe impacts on the public services and impose direct threats to the right to food, labor, health, and accessibility to medicines. Moreover, if market access benefits are to be accrued, there should be consideration of supply side capacities, non-tariff barriers to products, and the amount of imports that will be received in comparison with the amount of exports. All this needs to be weighed against labor market trends. Arab countries need to calculate the lost job opportunities resulting from the neo-liberal trade agreements. For example, Arab countries have a lot of potential in the services sector, especially with a prospective common services agreement; this potential is threatened by the increasing pace of bilateral agreements signed by Arab countries.

The Arab region continues to lag behind on regional cooperation compared to other regions, which puts more pressures on the Arab countries through the process of integration in the global economy and threatens their opportunities to benefit from further regionalism.

III. Overview of the Arab Free Trade Agreements.

The “fear of exclusion” has created a chain reaction among developing countries seeking FTAs with major developed countries. In return for what appears to be rather marginal benefits, developing countries are making major concessions, with an impact on human development greatly exceeding that of the WTO multilateral trade agreements.

In this context, Arab countries find themselves involved in negotiations on all fronts, and the FTAs negotiated and signed by Arab countries go far beyond what is expected compared to other countries’ agreements. However, these agreements do not include liberalization on movement of persons, which is of high interest to Arab countries.

The great majority of Arab countries are involved in negotiations with the EU, through the Euro-Mediterranean or EU-GCC context. The United States is “picking off” individual countries, in pursuit of largely geopolitical and strategic objectives, and setting its parallel trade agenda in the region. New extra regional players have entered the scene, including major industrial powers such as Japan and China and agricultural exporters such as MERCOSUR and Australia. In all this, Arab countries are attempting to consolidate their own regional integration.

The Pan-Euro-Med rules of Origin (RoO) are facilitating intra-Arab integration in the context of the Euro-Med FTA. Arab countries are still unable to devise rules of origin that could enable them to compete more effectively against third country suppliers.

In *agriculture*, Arab countries should seek FTAs that provide meaningful access to markets for small agricultural producers, including technical and financial assistance to meet Sanitary and Phyto-sanitary (SPS) requirements. Moreover, the principle of asymmetry in the FTAs’ negotiations on agriculture is crucial for Arab countries.

The textile and clothing industry is the main industrial employer (particularly of women) in the Arab countries. Yet, Arab exporters are encountering difficulty in competing in the post-agreement on textiles and clothing (ATC) system. Arab countries should push towards more flexible rules of origin which permit wider sourcing of fabrics in the Euro-Med context.

In regards to trade in *services*, and while access to modern producer services can assist poor people to increase their productivity, concessions in this area should not undermine the ability to provide universal services essential for human development, such as health, energy, water/sanitation and education. Measures to defend financial stability, cultural identity, and effective control of energy resources should be undertaken. Moreover, export opportunities should be pursued, such as freer movement of service suppliers.

Investment has become a central issue in the FTA’s negotiations. Investment provisions under FTAs aim at national treatment, right of establishment, and elimination of performance requirements, including those aimed at transfer of technology and upgrading of skills. The US FTAs include investor-state dispute settlement provisions, which can penalize against social and environmental measures.

Intellectual property rights are also entering into FTAs, whereby TRIPs-plus provisions are a central aspect of the US FTA “template”. These provisions jeopardize health issues and fair competition through prohibiting parallel imports and sovereignty over generic resources. They enforce obligations relating to data exclusivity, restrictions on resorting to compulsory licensing, and prohibitions of parallel imports. These measures serve to undermine the ability of governments to ensure universal access to essential medicines.

In this context, Arab countries should identify their goals and draw up a strategy for participating in the new rapidly evolving trading system in a manner that would ensure their ability to pursue human development objectives and achieve the Millennium Development Goals (MDGs), while furthering regional economic integration. The expected advantages of each FTA should be made clear, (i.e. through a checklist or balance sheet approach) and should be subject to public scrutiny. Moreover, the possible human development implications should be identified, and the necessary legislation and regulations to defend human development goals should be put in place prior to the negotiations.

The Euro-Mediterranean Partnership

The Euro-Mediterranean Partnership encompasses free trade agreements that are wider than the US agreements, and includes political, cultural, and civil society issues in addition to economic aspects. The EU approach is based on the universal model of trade liberalization, which links it to growth, economic reform, and attraction of foreign direct investments (FDIs). The EU agreements lack agricultural sector liberalization and free movement of persons. In addition, the EU has linked liberalization of trade flows with ‘substantial’ amount of aid cooperation funds; the EU partnership administers these funds through the Middle East Development Assistance (MEDA) program.

Before the association agreements were signed, most Mediterranean partner countries accessed the EU market through preferential schemes administered. However, accession problems are often supply-side and not barriers on the recipient side. Accordingly, these countries will suffer macro-economic deterioration and their trade balance will be negatively impacted due to the free trade agreement. This could lead to budgetary and employment vulnerability.

The EU partnership has not helped Southern countries to face the challenge of unemployment. There has been progress in reduction of inflation, however development objectives have not been served, and there has not been an increase in FDI flows as a result of the agreements. Moreover, there has been no progress in purchasing power parity for the ten Southern Mediterranean partners.

The sustainability impact assessment of the Euro-Mediterranean Free Trade Area² showed that there will be a negative impact on the Gross Domestic Product (GDP) growth rate in

² The European Commission commissioned an **independent sustainability impact assessment study of EMFTA** to examine the potential impacts of agreed trade measures on sustainable development in the region. The study was commissioned to the Institute for Development Policy and Management at the

developing countries, strong negative impacts on employment, human poverty levels, as well as the human development index. This will lead to deterioration in the socio-economic conditions of the population and to an increase in the obstacles facing the advance of civil and political rights in the region.

The situation is only now beginning to deteriorate with the start of the implementation calendar of the association agreements; harder times are ahead during the four transition years given to the Arab countries. Tunisia will start the four years of transition in 2006. Accordingly, several of the partner countries will witness in the next few years deterioration of budget resources and macro-economic policy situations. This could lead to trespassing the social sustainability threshold of various groups and communities living in the region, which could lead to either large migrate or social shifts toward extremism.

The Egyptian Association Agreement with the EU

Since 1977, Egypt has had a cooperation economic and financial agreement with the EU, whereby it was offered custom free access of its industrial products to the EU market, with certain quotations within the multi-fiber agreement on textiles and garments. With the accession to the WTO, the enforced reciprocity necessitated moving from the cooperation agreement to a free trade agreement/ association agreement as a part of the Barcelona process that started in 1995.

The EU is the most important trading partner for Egypt. The partnership between the two includes social, political, and cultural factors. The economic and financial track includes movement towards a free trade area, whereby Egypt has to remove the tariffs on industrial products over a period of twelve years. This period is extended to sixteen years for cars. However, the association agreement does not cover agricultural and processed agricultural products, except for an increase in some quotations.

Aid associated with the agreement is administered through MEDA I and MEDA II programs. This processes does not demand from the EU any support for transfer of technology or support for sectors that improve Egyptian technological capacities. Accordingly, the efficiency, objectives, and usage of these resources are under question.

In general, the association agreement will not significantly benefit Egypt, since Egypt has already benefited from market access before the association agreement. Moreover, the EU is very strict in regards to its health policies, which are often used as non-tariff barriers thus limiting Egyptians exports to the EU market.

Modernization of the Egyptian industry necessitates a national dialogue regarding the competitiveness of the Egyptian industries and the administration and management of these industries.

The Aghadir agreement aimed at enhancing cooperation between southern Mediterranean countries; in the end, it created a free trade area between Jordan, Morocco, Tunisia, and Egypt. This agreement presents an opportunity for bilateral and regional accumulation in regards to rules of origin. This is expected to enhance cooperation between southern Mediterranean countries.

The Algerian Association Agreement with the EU

The association agreement between Algeria and the EU is standard; it gives twelve years of transition to zero level tariffs. It differentiates between three lists (the raw resources, the intermediate products on which tariffs dismantling starts in 2008 over seven years, and the final products on which tariff reductions extend over ten years). The year 2017 will be the end of the transition period for tariffs dismantling.

Algeria exports 58% of its products and imports 59% of its imported total from the EU market. The EU exports less than 1% of its total exports to the Algerian market. Thus, the negotiations between the two are highly un-balanced. Yet, the trade balance is positive for Algeria, due to the oil imports.

The structural adjustment policies that were adopted in preparation for the association agreement did not benefit the Algerian economy due to the weakness of the public institutions. Moreover, liberalization policies and strategies were weakly selected and not clear on purpose.

Tariffs were reduced based on the advice of the WB and the IMF to levels that are the lowest in the region, except for those in Turkey and Israel. Average industrial tariffs in Algeria are at 11% and reach a maximum of 30% while tariffs in Tunisia average around 20%. Accordingly, the industrial sector in Algeria has witnessed a de-industrialization process, whereby its contribution to GDP decreased from 16% to 6%.

The Algerian industry is currently not ready to compete internationally and Algeria has not been able to develop its export products. Yet, the Algerian economy is liberalizing while the private sector cannot compete on the international level.

The Greater Arab Free Trade Area (GAFTA)

GAFTA is triggered by the changes in the global economic system. GAFTA is a contractual framework that is based on legal tools and dispute settlement mechanisms. The legal framework is based on an agreement of the year 1981 for trade facilitation between the Arab countries.

The end of the grace period for the transition to free movement of goods within GAFTA was moved up from 2007 to 2005. The general secretariat of the League of Arab States (LAS), mainly the Economic and Social Council, is responsible for follow-up of the agreement's implementation; however the LAS does not have tools of pressure on members to implement the agreement in case of non-deference.

The technical issues under study within GAFTA are the rules of origin, which necessitates consideration of the economic interests in the Arab countries and the treatment of free-zone areas. Issues of concern in this regards are the protective policies in many Arab countries and their focus on production of raw materials. Moreover, institutional weaknesses, even at the level of the LAS secretariat, weakness of transparency of the processes and political and security instabilities in the region create serious hindrances to the GAFTA process.

The potential advantages of GAFTA include the expansion of the market for many Arab countries, increase of investment opportunities, regulation of fair competition, and enhancement of research and development.

GAFTA is supposed to represent a step towards the economic integration among the Arab countries. However, after six years of work towards GAFTA, the inter-Arab trade moved from 9% in 1997 to 10% in 2005. The components of the production and the geographic allocations of the trade exchange did not vary much, and most of it is still focused on raw materials. Some reasons behind this lack of progress can be referred to:

- The exceptions set on products maintained by some countries within the GAFTA
- The inefficiency in implementation of the agreement's mechanisms, whether dispute settlement or others
- Frequency of non-tariff barriers
- Discrepancies in policies of support and subsidization of local productions among various Arab countries

Moreover, one of the reasons for the limitation of inter-exchange between Arab countries is the fact that their economies are more liberalized and open towards the external world than towards each other. Arab countries lack the needed supportive factors for benefiting from trade. Accordingly, what is needed is not the removal of the barriers between the markets in the Arab region, but a rebuilding of the markets themselves. The problem is not in the ability to disperse excess capacities but to find capacities from within that are capable of serving the regional needs and competing at the international level.

Accordingly, focus should be on development and not trade in itself. The common regional processes and policies should shift from liberalization of trade to development of production capacities and structural linkages between production cycles and systems among the Arab countries. The region needs to develop its available resources, including human resources and political mechanisms for governance. This will result in enhancing development cycles and increasing trade among Arab countries and their exports to foreign markets. Consequently, the right way forward is setting complementary development policies; Arab countries can start to take on common regional projects with greater potential and with the states that are ready for such initiatives.

The Bilateral FTAs of Arab Countries with the US

The roots of the US supported bilateral FTAs stem from the policies imposed by the Ronald Reagan administration. The corporate interests in such policies increased as they realized how

trade could be used to gain power. Accordingly, there was a push to bring provisions included in these policies into the GATT, then through the North American Free Trade Agreement (NAFTA), and later through the WTO Uruguay round.

Currently, FTAs are a tool for the US to enforce changes in domestic policies and secure guarantees for US corporations, which are not achieved through the WTO. FTAs are not about market access; they are mainly tools to constrain national policy and limit any development space in developing countries.

The Fast Track Authority is the mechanism through which the US administration currently negotiates trade agreements; it expires on June 30 2007. Using Fast Track is not the norm; it was used only twelve times in the history of US trade. For example, President Clinton did not use Fast Track for 120 trade agreements that his administration completed.

The 2006 US Congressional was first time the issue of globalization and trade was a top political issue. This highlights a trend towards possible changes in the US trade policy.

The Jordanian Free Trade Agreement with the US

The 2001 Jordanian FTA with the US was among the first bilateral agreements that the US signed with Arab countries. The agreement followed the Qualified Industrial Zones (QIZ) agreement, which requires an 11% Israeli component in any product to have market and quota free access to the US. Such agreement, which include stipulation related to Israel, unduly associate broader US economic policy in the Arab region with American support for Israel, thus, further complicating relations—political and financial—between the US and the Arab region. It leads to a situation where the normalization of relations with Israel becomes a process independent of the political negotiations and progress towards finding a just solution for the Palestinian-Israeli conflict.

The US FTA with Jordan was the first agreement that includes labor and environmental standards in the text of the agreement and not as annexes. According to the 2000-2005 statistics, the exports of Jordan to the US were often fixed and concentrated in the QIZ areas. Employees in the QIZ shrunk to forty thousand; also, wages were low, employment conditions were bad, health insurances lacked, working hours were abused, the right to adequate work was violated, dismantling of personnel was unregulated, and training and skill acquisition was significantly lacking. Economically speaking, therefore, the added-value of the QIZ has been very low.

IV. The Structure and Content of FTAs

Developing countries are in a weaker position in negotiating bilateral agreements than they are in the multilateral process. In the bilateral context, principles of special and differential treatment are eroded.

It is of utmost importance that developing countries support the push towards amending article 24 of GATT in the process of negotiating any FTA, making it very clear that non-reciprocal treatment for developing countries should be allowed under FTAs.

The FTAs contain several WTO-plus and WTO-minus commitments; these include either increasing concessions and obligations or removing flexibilities available under the WTO, which appears in IPRs, services, and NAMA.

The main aspects of a typical FTA include:

- Market access in goods
- General services
- Specific services chapters dealing with financial services and telecommunications
- Intellectual property rights
- Investment
- Government procurement
- Competition policy that impact policy space and country economic structures
- Labor and environmental standards and issues

On services:

Developing countries accepted that services are included in trade agreements under the multilateral process because they were under tremendous pressure from developed countries. They did not agree to that until they were promised benefits in agriculture and industry in exchange.

Yet, developed countries continued trying to change the rules of the General Agreement on Trade in Services (GATS) under the WTO, whereby the EU pushed for a threshold of 60% of sectors to be liberalized. This was defeated in the WTO; however developed countries continue trying to push these thresholds through the FTAs.

Under the FTAs, the services obligations are both WTO-plus and WTO minus. The positive list approach (whereby flexibilities in choosing the sector to liberalize, how to liberalize it, and over what periods of time) is replaced by a negative list approach. It is worth noting that the association agreements of Arab countries with the EU, especially those with Jordan and Syria, are based on a negative-list approach and approve what developing countries have been fighting against in the WTO.

Through the negative-list approach, developing countries lose the ability to protect certain sectors in which they do not know they have advantage or of which they do not realize the importance of protecting. They even cannot protect sectors that do not currently exist, but would come into existence in the future and could become highly important for the development process of the country.

Finance and telecommunications are two specific services sectors on which the US is trying to remove all restrictions over related investments. As a result, companies investing in

telecommunications will be even given the right to use the facilities of the existing local telecommunications infrastructure.

It is worth noting that:

- In most developing countries the services sector is the number one sector in terms of added-value to GNP
- Locals have a comparative advantage in this sector due to geographical presence, and local participation in this sector is often greater than that in industry
- Finance, telecommunication, energy, and water are strategic sectors
- Social services are sensitive and they are a right for all

Liberalizing the services sector could bring in risks from high levels of foreign direct investments (FDI), either in stock market or physical factories. Accordingly, a country can undergo a balance of payment problem and increase in debt if too much FDI flows in while too much foreign profit leaves. Also, liberalizing could lead countries to lose their ability to undertake certain measures during crisis periods, such as prohibiting foreign companies from exiting the market, which is necessary if the government is to stabilize the economy.

In the Arab countries, trade in services represents more than 20% of the national GDP. The average growth of Arab countries' exports in services have increased 5% between 1990 and 2000, compared to an increase of 0.5% in exports of industrial products.

Work on a new inter-Arab agreement on services started in 2002 and its legal framework was set in 2003. The agreement is GATS-plus, whereby commitments under it should exceed those made by the Arab countries under the WTO. However, there are no signs in GAFTA that show that the services agreement will lead to preferences between Arab countries beyond those offered under the WTO. Arab countries need to move towards liberalization of complete services sectors, such as education and health, in order to build on a more constructive cooperation in the region.

On Industrial Market Access:

A country that liberalizes at the right time and in the right industry can succeed. However, pre-mature and uniform liberalization will lead to de-industrialization and concentration of production in primary commodities. Expanding supply capacity is much more important at early stages of development than expanding imports of manufactured goods.

Liberalization could help as part of a dynamic industrial policy. Thus, countries need the following:

- An industrial policy before they go into any negotiations
- A dynamic-comparative advantage theory instead of a static-comparative advantage theory
- To secure differential treatment for developing countries as a rule and not as an exception
- Binding tariffs based on an average level and not on individual products
- TRIPS reform to allow technology transfer to developing countries

- To demand export performance requirements and domestic clauses
- Flexibility to protect policy space

During the Doha negotiations, it was agreed that the special needs of developing countries will be taken into account through:

- Implementing less than full reciprocity and flexibility in the agreement on industrial tariffs
- Giving special and differential treatment for developing countries
- Eliminating tariffs on products which are of interest to developing countries, including products subject to high tariffs or escalating tariffs
- Removing non-tariffs barriers

However, developed countries tried to push developing countries to liberalize all individual products, reduce the tariff dispersion towards near uniform tariffs, bound the tariffs so as not to be able to change them in the future, and apply these principles uniformly to all developing countries with some exceptions for least developing countries (LDCs).

Furthermore, under an FTA, a country has to offer the products from the partner contracting country a treatment that is no less favorable than the treatment given to any other country's product. For example, in the Jordan-US FTA, tariffs were eliminated on manufactured products, creating a free trade zone between the contracting parties. Accordingly, once the product is inside the country, no tariff can be set on it and it should be given national treatment (i.e. maintaining tax treatment similar to that of local products). Moreover, the agreement limits the ability of Jordan to put export taxes or restrictions on goods destined to the US market.

For the sake of taking advantage of FTAs, it is more important to be a more efficient producer than to merely have market access. Developed countries have very low tariffs in the industrial sector, which average around 3% to 4%. Accordingly, in relation to manufactured products, the developed country markets are fairly open. Moreover, as the number of agreements signed by the EU and the US increases, the preferences accrued by partner countries become limited, while they face increasing competition from other countries with which the US and EU have signed FTAs.

Another potential benefit that is promoted with FTAs is the increase in FDIs; however, it is unclear to what extent this logic bears in terms of real implementation.

FTAs lead to clear costs when a country opens up its markets completely as tariffs revenues are lost. Tariffs revenues for North Africa and the Middle East make up between 10% to 30% of the governments' revenues. In addition, FTAs lead countries to lose their ability in using tariffs and trade measures to promote their industry, and will lose policy space, especially in relation to the promotion of future imports.

The inter-generational trade-off is a major issue for consideration when designing trade policies. If developing countries give up tariffs in return for market access, they gain that access for the products that they produce at the current period, while giving up tariffs to

developed countries and loosing policy space and ability to upgrade their industrial capacities in the future.

Accordingly, the following propositions should be considered:

- **It is better to have very targeted approaches in negotiating agreements on non-agricultural market access.**
- **Countries need to identify what products they are interested in.**
- **If agreements are based on reciprocity, then countries should limit the agreement to specific number of products in exchange for a certain number of products which they can accrue preferences on.**
- **Countries should make the agreement time bound in order to allow for revision and to secure clear special and differential provisions which are internationally recognized in trade agreements.**
- **Governments should consult local trade unions and industries to identify where the local strengths and weaknesses are.**
- **It is important for any government to have an industrial plan that should form the intellectual basis for negotiating any FTA.**

In regards to the Arab countries, trade with the EU covers 40% to 60% of their trade value and the inter-Arab trade covers around 10%, while the trade exchange they administer through the WTO does not exceed 30% of the total. Accordingly, the value of protection in the context of the WTO becomes of less relevance, which could lead Arab countries to play a less active role in the NAMA negotiations under the WTO.

On agriculture:

Domestic subsidies of developed countries have massively disrupted agricultural trade, in which continue to be administered through the boxes-system integrated in the WTO Agreement on Agriculture. The current crisis in the WTO talks is due to the agricultural subsidies of the US and the EU. The second source of significant distortion in agricultural trade was caused by the IMF and World Bank. The two institutions imposed conditions on developing countries regarding agricultural liberalization. Accordingly, today many developing countries have applied tariffs between zero and 20% on agricultural products, and are not allowed to make use of WTO flexibilities. The FTA will push this tariff further to zero levels.

In its bilateral FTAs, the US requires zeroing out of agricultural tariffs over time. The actual implementation of NAFTA, which has provisions similar to the FTAs currently negotiated by the US, had severe impacts on the income for farmers in all three NAFTA countries; specifically, Mexico took the hardest hit. Moreover, under the FTAs, the US will not cut its domestic subsidy; which technically needs to be done through the WTO. **It is worth noting that under the current Fast Track Authority, the USTR (United States Trade Representative) office does not have the authority that it used to have to declare the automatic cut of agricultural tariffs on sensitive products.**

There is a need to change the model of approaching agricultural trade policies. This could include, for example, setting laws that do not allow countries that subsidize to export their subsidized products, in order to avoid dumping of low-priced products in developing markets. Accordingly, the subsidized products would be channeled into domestic markets only.

The agricultural production in the Arab region is around 67 million dollars. It grew at 7% between 2003 and 2004. Agriculture contributes to 7% of the GDP in the Arab region (based on 2004 calculations). There are around 87 million workers in the agricultural sector, which makes around 31% of the total population in the Arab region. These jobs, and the future of the sector, are jeopardized by the proliferation of FTAs in the region.

The Singapore Issues:

There are four Singapore issues: investment, competition policy, government procurement, and trade facilitation. The collapse of the talks during the Cancun WTO Ministerial Meeting was linked to disagreement on the Singapore issues between developed and developing countries.

The Singapore issues highlight a long term plan of developed countries; after failing to include them in the WTO agenda, developed countries are pushing them through the FTAs. In its bilateral FTAs, the US will not proceed on any agreement unless the Singapore issues are included. Accordingly, although a lot of time and effort was invested towards excluding these issues from the WTO agenda, most of the countries negotiating with the US have accepted these issues for discussion.

The Singapore issues are promoted by big transnational companies (TNCs). For example, one of the barriers to TNCs is that government business is often limited to local businesses. Government procurement includes huge tendering of projects and purchase of products and services. Government procurement was calculated through studies by the US and the EU to be around five times larger than trade. A country may import a value of around 10% of GNP but spends 30% to 40% of GNP on government procurement. **The WTO does not include government procurement as part of its national treatment rules. Therefore, this is currently being pushed through within the FTAs.**

Government procurement is a major instrument through which the government can boost the local economy, support local entrepreneurs, give contracts to local institutions, and fight corruption. **Government procurement is also important for social engineering purposes, especially when a country has numerous ethnic and religious communities. The government may allocate certain expenditures to contractors or communities from a certain ethnic group, especially disadvantaged communities, in order to avoid civil conflict and strengthen communities' inter-relations.** An FTA necessitates national treatment in government procurement, which is defined in the WTO as giving the foreigner conditions and terms that are no less favorable than the local. Accordingly, an FTA limits the ability of a government to give preference to locals in government procurement.

In addition, an FTA includes a **chapter on competition policies**, which represents an attempt to prevent government from giving any privileges, subsidies, promotions, or support in economic development to locals.

As for the **FTA investment chapters**, the rules that are currently being promoted started with the Central American Free Trade Agreement (CAFTA) and the FTAs with Oman and Morocco. The key aspects of these agreements include the following:

- They are signed between governments but are enforceable by private companies.
- The investment chapter, as it appears in NAFTA and the US bilateral free trade agreements, includes pre-establishment rights- thus giving companies the right to invest and establish in a country before they even enter the country.
- With pre-establishment rights, the 'potential' investor has the rights of an investor. These rights include national treatment, and the decision on the legal entity to which they choose to perform. Moreover, under the current investment agreement, performance requirements are prohibited, while no restrictions are set on money transfers
- The national treatment obligation implies that the US investor should not be treated any less favorable than any other foreign investor that has invested or is going to invest in the partner country; this appears in the agreement between the US and Morocco.
- The definition of investor and investment in an FTA is very broad, whereby it goes beyond the regular definition that includes establishing plants or production processes to sell and make profit. It includes every asset that has such characteristics of an investment. Moreover, the definition covers any person that attempt to make an investment.
- An FTA allows a company to sue for compensation in case of any government action that can undermine its "foreseeable, reasonable, future profit". Accordingly, the risk in an investment is shifted to society; whereby government has to pay any levied compensation from the treasury, and thus from tax dollars of the citizens.

On Intellectual Property Rights (IPRs):

IPRs include patents, industrial designs, trademarks, geographical indications, copyright for artistic works, as well as for generic systems including plant breeder rights, database protection, and integrated computer circuits. Patents are usually granted to inventions that fulfill three criteria; novelty, inventive steps, and capability of industrial applications.

The TRIPS agreement is the first multilateral agreement that has set minimum standards on IP protection; all members of the WTO have to undertake the TRIPs agreement. One of the problematic aspects in the agreement is that rights given through it are enjoyable without discrimination as to the place of the invention. Moreover, TRIPs treats all sectors alike; it does not distinguish between essential and non-essential goods.

In general, developing countries are users of IPRs while developed countries are exporters of IPRs. In 2001, less than 1% of the US patents were granted to applicants from developing countries. Out of that 1%, 60% were from the more technologically advanced developing countries such as Brazil, India, and China.

Transfer of technology has been critical for industrialization and a lot of developed countries did not grant patents to foreigners during the periods they were building up their industrialization process. Article 7 of TRIPS recognizes the importance of transfer of technology. It also recognizes that governments should prevent the abuse of patents by holders in a way that threatens transfer of technology.

Unaffordable medicines' prices and the need for new medicines are strongly connected to the IPR regimes, which are introduced through TRIPs and strengthened through the bilateral agreements. Challenges of access to medicines are many; the patent protection enforced through free trade agreements is among several other challenges facing developing countries in this regards.

The higher prices brought about by IPRs hinders access to medicines. Pharmaceutical industries try to deny this direct relation. Some studies tried to show that prices are not barriers to access medicines; they suggest blaming distributional and other related capacities. Such studies have been commissioned by governments to demonstrate lack of direct relation between IPRs and increase in prices of medicines. However, a calculation in a study done during the Columbian negotiation on an FTA with the US, showed that one TRIPs plus measure, such as the patent extensions beginning in 2025 for five year, will cause an increase of 16.5% in price shares in the market.

The World Health Organization (WHO) perceives that essential drugs are not simply another commodity whereby all commercial rules of business could be applied. Accordingly, there is a need for new provisions and considerations in these regimes, which can ensure that the new and existent medicines can be accessible. **States have to measure the cost and benefits and health outcomes related to the IPR protection under FTAs. Moreover, not only should any TRIPS-plus approach be avoided, but the TRIPS flexibilities should be fully incorporated in the FTAs.**

TRIPs-plus Obligations

TRIPs sets the WHO minimum standards of intellectual property protection, while TRIPs plus pushes for stronger requirements. FTAs TRIPs-plus obligations come in the form of:

- Data exclusivity
- Extension of patent term
- Restrictions on use of compulsory license
- Linking patents with registration

The US FTAs, especially those signed by the Arab countries, require **patents on new uses** of existing products (i.e. new combinations and new uses of existing substances), which results in a lot of secondary patents on medicines and negative implications on access to medicines through prolonging monopolies over certain kinds of medicines.

There exists significant flexibility in defining the scope of what could be patented under TRIPs. In this context, national governments should uphold development priorities and encourage more research and development, innovation, and consideration of public interest. It is thus advised that developing countries, particularly those without research capabilities, strictly exclude diagnostic, therapeutic, and surgical methods from patentability, including new uses of known products.

FTAs also impose a stipulation for **no pre-grant opposition**; this does not allow any opposition from groups before medicine is granted a patent. This appears in the US agreements with Bahrain, Morocco, and Oman and it limits the ability of impacted communities to oppose granting of patents.

Moreover, FTAs are pushing for **ratification of UPOV 1991 (Union of Protection of New Plant Varieties)**, which is primarily designed for the interests of commercial farmers' systems of developed countries. UPOV 1991 restricts farmers' rights to exchange and share seeds.

FTAs enforce as well **patenting on life forms**, which leads to misappropriation of genetic resources and traditional knowledge. One of the highlights of FTAs is the **extension of copyright terms** and enforcement of **technological protection measures** (i.e. protection of technology built inside the product), which prevents access to the product.

This context imposes significant threats to access and consumers; it affects daily life and jeopardizes regular daily actions. Yet, these kinds of costs have not been accounted for in the agreements.

TRIPs-plus in the Arab region:

The Arab region's position in regards to the IPR agreements is characterized by:

- Weak participation in IPRs globally; Arab countries do not possess any trademark registered internationally or any patent that can compete internationally
- Accession to WTO without adequate preparation and thus lack of expertise in dealing with the resulting obligations
- Joining FTAs in exchange of political support and economic aid, with no preparation of domestic sectors. Accordingly, Arab countries have moved from TRIPs-minus to TRIPs-plus situations in a very short period of time; a change that took developed countries two centuries to pass through starting from Paris convention
- The Arab countries are currently facing what developing countries faced during the Uruguay round (i.e. they are trading away IPRs in return for promises in other areas). This happened as well in bilateral agreements, in exchange for more financial aid and political support.

The TRIPs-plus model in the Arab region has been pushed through by the US bilateral investment agreements, FTAs, and the association agreements with the EU and EFTA.

Any IPR regime should not solely rely on IPR legislation but should include other legal, social, economic, and other supportive measures that exist to complement these regulations. These include unfair competition laws, viable national health care regimes, and social security and pension regimes, which are almost non-existent in most Arab countries.

In dealing with IPR agreements, developing countries should:

- Conduct serious evaluation and feasibility studies before signing
- Demand WTO compatible levels of IPR protection and sticking to the multilateral negotiations
- Make sure that the right checks and balances are in place
- Stress the FTAs' emphasis on development
- Spread education on the subject
- Enhance the role of civil society organizations (locally and internationally) and exchange of information and awareness on the matter
- Stress flexibility in implementation
- Play a more active role in setting the IPRs global agenda
- Exchange experiences and build alliances
- Hold a moral responsibility towards others, especially among developing countries

FTA Implementation Issues:

Implementation of FTAs is often determined by the language of the agreements. Where countries can not agree, they often deliberately use ambiguous terms, for example 'reasonable', which causes complications in the implementation process.

Regarding dispute settlement, FTAs allow governments to sue each other as well as allowing companies to sue governments for violating any obligation under the contract.

Under the investment chapters, which are included in all US FTAs except that with Jordan and Bahrain, government measures that cause reduction in the value of any investment may be considered as expropriation. Compensation, including interest, must be paid for any expropriation. Moreover, failure to pay the compensation for expropriation often generates investor-state disputes which are raised by the investor (e.g. patent owner). This investor can directly sue the government at an international tribunal.

In signing an FTA, it is of utmost importance for developing countries not to agree on a negative-list approach, whereby nothing but the exceptions can be protected. It is worth taking into consideration as well that once the US signs and implements the agreement, it starts to push, within two to three years, towards widening the agreement. There is often dispute as to what *exactly* was agreed upon in the FTA. Thus, the language of the agreements becomes problematic, and if unmonitored, stricter over time. It has been demonstrated that agreements become stricter over time; for example, the CAFTA agreement (signed in 2004) is

as bad as the Moroccan (signed in 2004) and Omani FTAs (signed in 2006) with the US, which are much worse than the Jordanian and Bahraini agreements (signed around 2001).

Although inter-Arab agreements are under implementation, limited results in real exchange has accrued as a result of the FTAs. One of the major obstacles facing Arab countries in the implementation process of the FTA process is the rules of origin set at 40% of added value. To commit to this level, countries should have a productive level that is able to achieve this percentage; however, in the Arab countries' productive capabilities are limited and the industrial capacities will not be able to achieve 40% added-value. Moreover, implementation is hindered by technical complications. Exporting products between Arab countries sometimes necessitates filling more than 40 applications and documents, while each country differs in the documents and procedures it uses. As for agreements with the EU, accruing benefits necessitates that Arab countries activate the agreements among them and have a common plan to increase their competitiveness relative to other countries.

National Processes and Experiences

The FTAs are considered highly political decisions, whereby the US tries to secure everything that it did not manage to get in the context of the WTO. Governments should have clear policies, including their industrial development plan, services plan, and IP and development plan, before starting any negotiations. Cost-benefit analysis is important before signing any agreement. This can help the country be realistic on how much market access can be achieved, on whether tariffs can be lowered and if the partner countries are actually allowed to deliver on those tariff reforms, on the supply capacity, including the manufacturing capacity, and on their ability to meet standards and non-tariff barriers of SPS and TBT.

Accordingly, it is important to take into consideration several factors that may lead to deficiencies in negotiating FTAs:

- Establishing a clear strategy and a capable negotiating team and learning from other countries' experiences and agreements are core to negotiating an FTA.
- It is important to include various ministries in the negotiations, given that the agreement provisions impact the policies and work of various sectors.
- It is important to identify the bottom-line that a country could not move beyond in any negotiations (i.e. the issues that cannot be accepted).
- Currently, the US requires secrecy when it negotiates FTAs, whereby the content of the negotiations cannot be disclosed. However, several countries like Thailand and Columbia have publicized the content of the agreement.
- There often is pressure on the negotiating team from the government to seal a deal as soon as possible, especially so that ministers try to associate themselves with achieving progress on signing agreements.
- Negotiators are not trained as lawyers; thus, specialized legal advisors are needed to look at implications of every word of the contract.
- Many of the discussed issues under FTAs are new to the private sector and not enough assessment and cost-benefit studies have been done in the areas affected by an FTA.

- If a country does a cost-benefit analysis, it is of added-value to include businesses and civil society groups.
- Learning from previous negotiations is important; however, most FTAs with the US include a favored nation's obligation, especially in the investment chapter, which necessitates that whatever is offered to other countries be given to the US, whether it came in agreements signed before or after the US FTA.
- Civil society could mobilize in various ways to voice their concerns regarding an unfair agreement. Moreover, the government should outreach to the private sector for their input.

V. Final Remarks; Strategies and Alternatives for Sustainable Development

The current international trading system imposes two main challenges; (1) developed countries are pushing developing countries to open their markets and integrate in the global trade system according to their rules in which do not serve the interests of developing countries; (2) the capacity of national governments is limited – they often lack of ability to set strategies, national development policies, clear mechanisms for negotiations, and dialogue based on participation of all stakeholders in the debate on trade agreements. Thus, efforts should be directed towards influencing the global system and its institutions in addition to requesting more transparency, accountability, and participation from national governments.

Liberalization could be helpful for certain sectors but it should not be administered in a way that limits the country's ability to take policy decisions to protect its economy and financial situation in the future or in cases of crisis. Accordingly, it is important to distinguish between situations where a country is able to make autonomous decisions to liberalize and another whereby a country is obliged to commit to liberalization, such as under the WTO or and FTAs, because there is no backtrack in those agreements.

There is currently an emerging consensus on how development should be promoted, which is pushed by the UNDESA (UN Department of Economic and Social Affairs). Moreover, the UNCTAD, UNDP, and ILO are strongly critiquing on the current trade and investment liberalization framework. They are developing guidelines on how to do trade liberalization in a way that is conducive to development, based on the practical experience of countries that did it correctly and lessons learned from the failures of countries that did it wrongly.

Accordingly, the Washington Consensus/neo-liberal definition of development, which places the market as a primary political and economic institution, is declining in popularity and influence. The new emerging approach seems to be built around two main ideas:

- National governments and national development programs are necessary for development.
- National governments need the utmost policy space and flexibility (i.e. governments need every policy tool possible in order to solve problems).

Civil society can support the new emerging paradigm and discourse on trade and development, which is coming from authoritative and legitimate sources including the UN

agencies. Civil society groups could study trade and development policies and promote to the public and government viable alternatives to the dominant paradigm.

In light of what is presented above, pragmatic development policy making in the Arab region necessitates:

- Creating increased intellectual space and forums to devise country-specific trade and development programs and strategies
- Capacity-building on knowledge of trade agreements, negotiation strategies and advocacy skills for government negotiators, civil society organizations, and social movements
- Promotion of research initiatives on trade and development in the Arab region
- Enhancing exchange and networking with other international civil society experiences advocating for other models of trade and development

Annexes

<p style="text-align: center;">Agenda Regional Meeting on Free Trade Agreements Cairo, Egypt</p> <p style="text-align: center;"><i>Shepherd Hotel; 9-10-11 December 2006</i></p>		
Time	Session	Contributor
FIRST DAY- 9.12.2006		
9.00- 9.30	Opening Session	Welcome by Organizers
PART I: Overview/Trade and Development		
9.30 –10.30	<p>Session A:</p> <ul style="list-style-type: none"> - Global Free Trade Agreements and the world trading system; an overview of recent developments and implications for development - Trade liberalization and development; investment, sustainable growth, and employment; myths or potential? - Reflection on impact of trade liberalization policies in the Arab region (globalization, development, and employment) 	<p>Martin Khor- Third World Network</p> <p>Mehdi Shafaeddin- former head of the Macroeconomics and Development Policy Branch of UNCTAD, presently affiliate to the Institute of economic research of Neuchâtel, Switzerland</p> <p>Ziad Abdel Samad- Arab NGO Network for Development</p>
10.30-11.00	Discussion	
11.00 – 11.30	Coffee Break	
11.30 – 1.00	<p>Session B: <u>Overview of Arab free trade agreements</u></p> <p>Main presentation; Overview of objectives and rationale of Arab FTAs, scope and content, state of implementation and impacts, relationship between RTAs, BTAs and the WTO</p>	Murray Gibbs – United Nations Development

	<p>The Euro-Mediterranean trade policy in the Arab region; reflection on trade as a component of Euro-Mediterranean Partnership <i>(Reflection on the social impacts of the Euro-Mediterranean economic partnership on Arab countries)</i></p> <p>The Euro-Med partnership and its relation with Aghadeer Agreement, and experience of Egypt with the Euro-Med association Agreement</p> <p>Risks related to the free trade agreement in Algeria</p>	<p>Program</p> <p>Ivan Martin- Casa Árabe - International institute for Arab and Muslim World Studies</p> <p>Hanaa Khayr Deen- Cairo University</p> <p>Youcef Benabdallah- Center for Applied Development Economics Research in Algeria</p>
1.00 – 2.30	Lunch Break	
2.30 -3.45	<p><u>Session C. The inter-Arab free trade initiatives; scope and challenges</u></p> <ul style="list-style-type: none"> - The Greater Arab Free Trade Area - The Gulf Cooperation Council 	<p>Moatasim Suleiman- League of Arab States</p> <p>Ibrahim El-Issawy- Institute of National Planning</p> <p>Jaafar Sayegh - Bahrain University</p>
3.45 – 4.45	<p><u>Session D. Bilateral free trade agreements of Arab countries- focus on the emerging agreements with the United States</u></p> <p>Overview of US policy on bilateral agreements; objectives and rationale of these agreements, impact of fast track authority, and possible influence of election results on US foreign trade policy</p>	<p>Lori Wallach - Public Citizen</p>
4.45-5.00	Coffee Break	

5.00 -6.00	<p>Continue with Session D</p> <p>The Jordanian FTA with the US; scope and content, state of implementation and impact on Jordanian economy</p> <p>The Social implications of the Qualified Industrial Zones on Jordan</p>	<p>Munir Hamarni- University of Jordan</p> <p>Batir Wardam- independent researcher</p>
SECOND DAY- 10.12.2006		
PART II: Structure and content of FTAs		
9.00-9.30	<p>Session A. Overview and Structure of FTAs; what are the implications for the domestic laws and policies</p>	Martin Khor- Third World Network
	<p>Session B. Content of the FTAs</p> <p>a. <u>Market Access Issues</u></p>	
9.30 – 10.30	<p>i. Services</p> <p>Main issue on the negotiating table; highlight of the impact of FTAs on public services, financial services, and telecom.</p> <p>The services sector in the Arab region (current situation, challenges, and prospects); threats imposed by FTAs, the services agreement within GAFTA, possible implications due to Arab countries commitments to various bilateral and regional free trade agreements</p>	<p>Martin Khor- Third World Network</p> <p>Khaled Wali- League of Arab States</p>
10.30 – 11.30	<p>ii. Industry</p> <p>Main issues on the NAMA negotiations; Pros and Cons: Market Access and the impact of liberalizing industrial sector on industrial development, employment and policy space for development.</p> <p>Industrial Policy Options for Development and Developing Countries in light of FTAs</p> <p>Industries in the Arab region; industrial policy, industrial tariffs, unbound tariffs and tariff peaks,</p>	<p>Chien Yen Goh- Third World Network</p> <p>Mehdi Shafaeddin</p> <p>Mohsen Hilal- Economic and Social</p>

	expected implications of FTA provisions on industry and employment	Commission of West Asia
11.30-12.00	Coffee Break	
12.00 – 1.00	<p>iii. Agriculture</p> <p>Overview of the challenges facing the agricultural sector- main issues on the negotiations agenda</p> <p>The agricultural sector in the Arab region; importance, impact of trade liberalization policies, potential impact of FTAs</p>	<p>Martin Khor– Third World Network. Lori Wallach, Public Citizen</p> <p>Adel Khalil - Council of Arab Economic Unity</p>
1.00 -2.30	Lunch Break	
2.30-3.30	Discussion and Q and A on morning sessions on Market Access	
	<u>b. Singapore Issues; issues deferred by the multilateral trade system</u>	
3:30-4:00	<p>i. Competition</p> <p>The role of competition policy and development in developing countries, implications of competition law and policy in the context of FTAs</p>	Martin Khor- Third World Network
4:00-4:30	<p>ii. Government Procurement</p> <p>- The role of government procurement in promoting economic development and social objectives.</p> <p>- The developmental implications of government procurement in the context of FTAs</p>	Martin Khor- Third World Network
4.30 – 5.00	Coffee Break	
5.00-6:30	<p>iii. Investment</p> <ul style="list-style-type: none"> - Developmental implications of investment provisions in FTAs. - Impact on financial stability - Investor- State disputes 	<p>Martin Khor and Chien Yen Goh- Third World Network</p> <p>Lori Wallach &</p>

		Murray Gibbs
THIRD DAY- 11.12.2006		
Continuation of Part II: Structure and Content of the FTAs		
	<u>c. Intellectual Property Rights</u>	
9:00-9:30	i. IPRs and Development; implications and dangers of FTAs	Sangeeta Shashikant – Third World Network
9:30-10:45	ii. <u>FTAs, IP and Health</u> Health as basic human rights; impact on FTAs and patents on access to medicines Impact of FTAs on access to medicines in developing countries Impact of FTAs on the health services in the Arab countries; Jordan- US FTA and the Jordanian pharmaceutical industry & implications of a possible FTA on Egyptians pharmaceutical sector	Zafar Mirza- World Health Organization Francisco Rossi-Public health specialist- "IP and access to drugs" project, UNDP Sanya Reid Smith – Third World Network Mohamad Raouf Hamed- National Organization for Drug Control and Research (NODCAR),Egypt
10:45-11:00	Coffee Break	
11:00-12:00	iii. <u>FTAs and TRIPS-Plus</u> Legal implications of Trips plus provisions Trips-Plus implications of the latest free trade and investment agreements between the United States and the European Union (EU) with the Arab	Sangeeta Shashikant – Third World Network Mohammed El Said- University of Manchester

	countries	
12:00-1:00	<p>Session C. FTAs implementation issues</p> <p>Challenges imposed by FTA provisions in the implementation process</p> <p>Implications and consequences from the enforcement of FTA – Experiences with the US.</p> <p>Reflection on experience of Arab countries; implementation issues as another challenge and obstacle imposed by bilateral trade agreements, implementation issues in inter-Arab agreements and Arab- North agreements</p>	<p>Sanya Smith – Third World Network.</p> <p>Lori Wallach, Public Citizen</p> <p>Mohamad Benayad- National Council for Trade- Morocco</p>
1:00 -2.30	Lunch Break	
Part III: Strategies and alternatives for sustainable development		
2.30 – 4.00	<p><i>Discussion Roundtable</i></p> <p>National Processes and experiences; The process of consultation with stakeholders in determining national interests and doing a cost and benefit analysis of entering an FTA (country experiences).</p>	<p>Sanya Smith (cases from Asia)</p> <p>Francisco Rossi (Case from Latin America)</p> <p>Tamam El Ghoul- Former Jordanian Minister and Economic Consultant- Jordan (Case from the Arab region- Jordan)</p>
4.00 - 4.30	Coffee break	
4.30 – 6.00	<p>Closing Panel: Recommendations and follow-up mechanisms; How to promote sustainable development, growth and employment in the Arab region; the role of trade and investment and FTAs.</p>	<p>Third World Network and Arab NGO Network for Development</p>