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**On the way to the DCFTA Tunisia full round negotiations**

This statement is issued by the Arab NGO Network for Development (ANND) in follow up of the Resolution by the European Parliament Committee on International Trade concerning DCFTA negotiations in Tunisia (hereinafter Resolution)<sup>1</sup> and prior to start of the full round negotiations on the week of April 18<sup>th</sup>. ANND, a network of over 250 organizations in 12 Arab countries, have been monitoring the impacts of EU policies in the Arab region and calling for policies that serve social and economic justice, sustainable development and peace.

**With this statement, we invite European officials to revise their decision to pursue the Deep and Comprehensive Free Trade Agreements (DCFTAs) under the claim that these agreements promote prosperity in the region. We underline that socio-economic, political and cultural rights of citizens in Arab countries are not properly safeguarded within the framework of DCFTAs. In the following, we recall<sup>2</sup> our key concerns:**

**I. Regarding DCFTAs' potential human rights implications:**

- **The outcome of the Trade Sustainability Impact Assessment (SIA) for Tunisia pointed out that DCFTAs can breach human rights in practice, mainly at the level of economic and social rights.** We remain concerned that occurrence of human rights violations as a result of DCFTA implementation is in stark contrast to newly adopted 'EU Trade and Investment Policy –Trade for All' that refers to trade agreements as "levers to promote, around the world, European values like sustainable development human rights, fair and ethical trade and the fight against corruption"<sup>3</sup>. We note that the mere inclusion of a human rights clause in the text of the agreement, as suggested by the Resolution, will be fruitless unless human rights and development priorities are placed at the heart of the decision-making process and negotiations.
- **Given the limitations of the Trade SIA, we call for a comprehensive rights-based assessment, including implications on the labor market, before the full round of negotiations.** The Trade SIA recognizes that more pressure would be put on human rights than the model states. This is mainly because the Computable General Equilibrium (CGE) modelling of the assessment assumes labor mobility between sectors and does not account for the informal economy exists in Tunisia. However labor reality does not align with these assumptions; labor mobility between sectors is difficult and informal economy is a key challenge in Tunisia; 42-50% of Tunisian workers are in the informal economy<sup>4</sup>.

**II. Regarding DCFTAs' potential sectoral impacts:**

- **The Resolution acknowledges that DCFTAs can harm certain sectors and can lead to disappearance of important sectors such as manufacturing or mining industry.** The Resolution acknowledges as well the potential of the services sector in Tunisia and calls for 'strategic investments' and explicit listing of the areas in which the parties wish to make commitments in terms of market access or national treatment.
- Economic diversification is key for sustainable development in Tunisia. The services sector is essential for diversification and progress up the value chain. The services sector constitutes 61.9 %<sup>5</sup> of Tunisian GDP and 62% of

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<sup>1</sup> <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2016-0061+0+DOC+PDF+V0//EN>

<sup>2</sup> See previously issued statements including:

- A Letter sent to MEP Bernd Lagne <http://www.annd.org/data/item/pdf/67.pdf>
- Civil Society Organizations in Morocco and the Arab Countries Voice Concerns of Deep and Comprehensive Free Trade agreement between Morocco and the EU <http://www.annd.org/data/item/pdf/61.pdf> Position Paper
- Third Regional Dialogue around EU-Arab Partnership, Beirut, 30-31 October 2015 [http://www.annd.org/data/file/files/Outcome%20Document%20\(Thrid%20CSO%20meeting\).pdf](http://www.annd.org/data/file/files/Outcome%20Document%20(Thrid%20CSO%20meeting).pdf)

<sup>3</sup> [http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc\\_153846.pdf](http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf) p.5

<sup>4</sup> [http://www.annd.org/data/file/files/Outcome%20Document%20\(Thrid%20CSO%20meeting\).pdf](http://www.annd.org/data/file/files/Outcome%20Document%20(Thrid%20CSO%20meeting).pdf) p.10

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formal employment<sup>6</sup>. These sectors are important for the Tunisian economy; their liberalization under a binding commitment could carry harmful effects on the policy space available to government to pursue dynamic and strategic national priorities and could destroy the potential growth of domestic companies and investments, which often cannot compete with foreign companies.

- We stress the importance of **avoiding liberalization commitments in services sector essential for fulfillment of economic and social rights, including education, health care, and water.**
- **DCFTAs should not include provisions on investor state dispute settlement mechanism. As EU's own experience demonstrated<sup>7</sup>, opposition to investor-state dispute settlement is clear, given the implications on the sovereign right of the State to regulate in the public interest. DCFTAs should not perpetuate this flawed system.** While foreign investment plays a key role in Tunisia's growth, it is important to recall that empirical studies have shown that there is no direct link between investment protection and investment attraction. **The content of a potential investment chapter should reflect a balance between rights and responsibilities of investors and focus on extending protections to investors and investments with proven contribution to development and economic relations between the State parties.**

### **III. Regarding transparency during the negotiations and the role of civil society organizations (CSOs)**

- We stand in solidarity and agreement with previously issued civil society statements on the issue<sup>8</sup>, and we invite the officials from the European Commission and Tunisian authorities to address the **concerns raised prior to further pursuit of the negotiations.**
- **As acknowledged by the Resolution, we consider transparent, inclusive, open consultation as key. Yet, we call the European officials to ensure that these consultations move beyond a marginal 'tick-box exercise' where citizens are invited to reply to a set of questions online that do not necessarily get reflected in the design of the negotiations, towards a comprehensive dialogue and consultation on trade and development policies implemented within the EU-Tunisia partnership, including consistent engagement throughout the various stages of negotiations and adequate and timely access to information.**
- We welcome the suggestions listed in the Resolution, including a website to disseminate information and the final text of the negotiation to be posted in three languages, but we underline that these steps remain insufficient to achieve effective participation. **A multi-stakeholder national dialogue by the European and Tunisian authorities is key and must be built on genuine assessment of the implementation and accruing results under the EU-Tunisia association agreement.**
- As noted by the Resolution, we invite the EU officials to hold the long postponed Tenth Conference of Trade Ministers of the Union for the Mediterranean. This meeting should bring together Trade Ministers from both shores of the Mediterranean, as well all other relevant ministers particularly labor and development. It should enable a platform to share lessons learnt in negotiations process among different Arab countries<sup>9</sup> and evaluate the outcomes of the sectoral and rights based impact assessments undertaken and further collaboration to ensure mutual benefits under Trade for All.

<sup>6</sup>[http://www.worldbank.org/content/dam/Worldbank/document/MNA/tunisia\\_report/the\\_unfinished\\_revolution\\_eng\\_chap8.pdf](http://www.worldbank.org/content/dam/Worldbank/document/MNA/tunisia_report/the_unfinished_revolution_eng_chap8.pdf)

<sup>7</sup> It should be recalled that the EU citizens strictly oppose the IISD within the Transatlantic Trade and Investment Partnership (TTIP). Online consultation launched in response to citizens' concerns and criticisms showed at the end that around 97 per cent of responses opposed ISDS.

<sup>8</sup> FTDES statement available at <http://www.annd.org/data/item/pdf/380.pdf>

<sup>9</sup> <http://www.annd.org/data/item/pdf/380.pdf>

**Signatories:**

- The Arab NGO Network for Development
- NGO Platform of Saida (Tajamoh) – Lebanon
- The Lebanese Women Democratic Gathering (RDFL) – Lebanon
- The Iraqi AL-Amal Association – Iraq
- Réseau Mauritanien Pour L’Action Sociale – Mauritania
- Coordination Forum of Palestinian NGOs working in Lebanon (16 NGOs)
- National Institution of Social care and Vocational Training – Lebanon
- Gender Center for research and Training – Sudan