Trade and investment-driven growth for developing countries

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The Committee on Economic and Monetary Affairs adopted the report by Tokia SAÏFI (EPP, FR) on trade and investment-driven growth for developing countries in response to a Commission communication 'Trade, growth and development – tailoring trade and investment policy for those countries most in need'.

The Committee on International Trade, exercising its prerogatives of an associated committee in accordance with Rule 50 of Parliament's Rules of Procedure, was also consulted for an opinion on this report.

The report supports the Commission's aim of **enhancing synergies between trade and development policies**, recommending that it take account of beneficiary countries' needs and capacities, encouraging instruments such as **regional integration** and give priority to measures aimed at:

- promoting sustainable and inclusive development;
- creating jobs and reinforcing skills and the development of human capital while reducing social inequalities. Members stress the importance of decent wage levels and decent workplace safety standards, reminding the Commission of its communication 'Promoting Decent Work for All';
- improving resistance to economic shocks,
- supporting the development of the private sector, in particular small operators, including micro businesses and small and medium-sized enterprises, in order to foster their participation in trade and investment at local, regional, cross-border, bilateral and multilateral level;
- improving fiscal governance and the fight against corruption, tax fraud and evasion, money laundering and tax havens, including by establishing information exchanges and supervisory mechanisms on corporate payments;
- improving the trade and investment climate, including the implementation of trade facilitation measures,
- diversifying trade and investment flows; and,
- providing the necessary technical assistance to ensure the proper development of these measures.

The European Union is invited to:

- explore possible areas of **cooperation for sustainable development**, in order to maximise the contribution of business activities to achieving development goals ;
- respect the principle of **Policy Coherence** for Development when drawing up and implementing its trade, agricultural, environmental and energy policies, and to assess the impact of these policies on the level of development of the developing countries (DCs) and the lesser developed countries (LDCs);
- in order to increase wealth and living standards among the poorest, to specifically target some of its trade-related assistance for responsible and sustainable development towards **building local and regional trade capacities** within and among these countries;
- design its trade agreements so as to foster **responsible investor behaviour** and compliance with best international practises of corporate social responsibility (CSR) and good corporate governance.

The report supports the Commission's proposal to **differentiate its aid for trade and to focus its efforts on the countries most in need**, especially the least developed countries. It recommends, nevertheless, that the Commission take account of a country's general level of development and its needs, capacities and

internal development inequalities, in addition to the standard indicators (gross national product, human capital and vulnerability to economic shocks).

Members also emphasise:

- **social entrepreneurship** and social innovation in the developing countries are the engines of growth for development;
- the need to go beyond transfers of funds and microfinance and find **innovative forms of financing and partnership** and support the introduction of South-South and triangular partnerships;
- support for the **participation of small businesses** in trade schemes that secure added value for producers, including those responding to sustainability (e.g. Fair Trade);
- strengthening the **capacity of institutions** in developing countries as regards tax collection, combating tax fraud and the introduction of high accounting standards.

The Commission is called upon to:

- offer more assistance, towards increasing governments‘ capacity to incorporate issues linked to sustainable and inclusive economic development into their national trade strategies and programmes;
- include a democracy and **human rights** clause in all trade agreements with developing countries;
- include Trade and Sustainable Development chapters in bilateral trade agreements with binding environmental and labour rules and CSR clauses;
- promote regional integration in its bilateral and regional trade agreements.

Members believe that the EU has developed tools in the field of development assistance through trade and investment, including the GSP and EPAs, that are effective provided their provisions and implementation criteria do not result in discrimination or limitations that may prove disadvantageous to their potential beneficiaries. The report encourages the Commission, nevertheless, to combine **all the existing instruments in a genuine overarching strategy** that also comprises measures in the fields of technical assistance for trade, capacity-building and trade-related adjustment, also in relation to standardisation.

In this context, the Commission and the European External Action Service should develop synergies in order to further enhance the Union‘s commercial diplomacy worldwide.