Advancing development through trade

2012/2224(INI) - 04/04/2013 - Committee report tabled for plenary, single reading

The Committee on Development adopted the report by Alf SVENSSON (EPP, SE) on Advancing Development through Trade in response to the Commission's communication on the subject.

The Committee on Legal Affairs, 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.

1) Growth, development and poverty reduction: Members confirm their position that **facilitating sustainable development** must be the overriding objective of the EU's trade policy towards developing countries.

Stressing that since it cannot be taken for granted that trade liberalisation leads to growth and poverty reduction, trade and aid for trade policies must consistently be designed on the basis of **transparent, inclusive and participatory processes involving all stakeholders, with special attention to the most disadvantaged, especially women**.

Growth should also benefit and empower women and be focused on **improving the general business climate** for SMEs to flourish, as well as for sustainable **microfinance** and micro-credit opportunities to emerge.

The report draws attention to the following points:

- **fair trade** between the EU and developing countries must be based on the full respect for, and guarantee of, ILO labour standards and working conditions and must ensure the application of the highest possible social and environmental standards. This includes paying a fair price for the resources and agricultural products of developing countries;
- any **iniquitous production and trade practices**, of over-fishing and of agricultural subsidies that harm development and threaten food security must be eliminated;
- the successful integration of developing countries into world trade requires **more than better market access and strengthened international trade rules**. AfT programming should therefore support developing countries in their **domestic efforts** to promote local trade, remove supply-side constraints and address structural weaknesses.

Members also consider that sustainable economic development strategies should, *inter alia*, provide for **participation of the private sector in the real economy**, regional cohesion and integration of markets through cross-border cooperation, and the development of open and fair trade, embedded in a rules-based multilateral trade framework.

Reminding the EU of its aim for its total aid budget to be 0.7 % of GNI by 2015, Members urge the Commission to **increase the share of its total aid budget that is allocated to technical assistance**. They also call on the EU to display **greater consistency** in the implementation of its trade, agricultural, environmental, energy and development policies.

2. Negotiations and trade agreements: the report recommends that the Commission negotiates the **inclusion of provisions applicable to human rights** in all future bilateral trade and cooperation agreements. It stresses the importance of anchoring **corporate social responsibility (CSR)** in free trade agreements with developing countries. It urges the Commission to authorise **explicit support for the management of climate change** as part of all aid-for-trade and other relevant development aid.

The European Union is invited to:

- to **further lower trade barriers and trade-distorting subsidies** in order to help developing countries increase their share of global trade. Members call for the abolition of agricultural export subsidies, committed to in the WTO Doha Development Round, to be implemented at the earliest possible date;
- ensure that its **broad approach to trade negotiations**, with the inclusion of issues like investment, government procurement, competition, trade in services and intellectual property rights, is in line with the respective needs and development strategies of partner countries;
- define its policy in full respect of the '**special and differential treatment**' granted to developing countries.

3. Development and the role of the private sector: Members consider that **Foreign Direct Investment** is also a strong driver for sustained economic growth, the transfer of know-how, enterprising spirit and technology and job creation, and is therefore vital to development. In this regard, they call for the development agenda to focus on **supporting capacity-building in developing countries aimed at creating a transparent, predictable and favourable investment climate**.

EU-based companies with production facilities in developing countries are urged to abide strictly by obligations to respect human rights and freedoms, social and environmental standards, equality between women and men, core labour standards, international agreements and payment of appropriate taxes. Members call for the implementation without exception of the right to freedom from **forced labour and especially from child labour**.

The Commission and all donors are asked to seek out innovative types of development funding and partnerships. Members **highlight the vital importance of promoting public-private growth initiative partnerships**.

The report calls for **stronger EU efforts in relation to tax havens and capital flight**, which undermine revenues of both EU and developing countries and work against poverty alleviation and wealth creation in poor countries.

4. Raw materials and extractive industries: Members highlight that increases in the local processing of raw materials and in the creation of value added are crucial in order to move away from dependence on the export of raw materials. They take the view that developing countries with a high dependency on raw material exports **must be allowed to use export taxes and restrictions to further these goals in the public interest**.

5. Food security and biofuels: the report urges the EU and all other donors not to facilitate or contribute to the reassignment of fertile land in food-insecure countries and regions. It stresses the need to remove incentives for farmers in food-insecure countries to use their land for purposes other than food production, such as production of biofuels.