Advancing development through trade

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The European Parliament adopted a resolution on Advancing Development through Trade in response to the Commission’s communication on the subject.

Parliament recalls that **Article 208 of the Treaty on the Functioning of the European Union** requires that the Union's policies which are likely to affect developing countries shall take account of the objectives of development cooperation. Moreover, poverty reduction and the pursuit of the **Millennium Development Goals** are centrepieces of the EU's development policy and should also guide the EU's trade policy towards developing countries.

In this context, the resolution emphasises the following points :

1) Growth, development and poverty reduction: Parliament confirms its 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 resolution 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**. Aid for Trade (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 assistanc**e. 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: Parliament 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:

- **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. Aid for Trade: Parliament calls for AfT instruments to be focused not only on trade between the EU and developing countries, but also on **support for internal, regional and South-South trade**, as well as on triangular trade between ACP countries by promoting cross-border value chains, by increasing the efficiency of key services and by reducing transport costs. It also encourages the development of more effective support instruments in relation to **production adjustment and diversification**.

It calls on the Commission to make progress in developing a package to **promote trade for small operators in developing countries** so as to support the participation of small business in trade schemes that secure added value for producers, including those responding to sustainability (e.g. Fair Trade).

4. 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. The resolution calls 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 in this regard **the vital importance of promoting public-private growth initiative partnerships**. They urge all donors - public and private - to **coordinate their actions more** and to adjust them in line with current funds, particularly given the current situation with regard to budget cuts.

The resolution 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.

5. Raw materials and extractive industries: despite the implementation of the Kimberley Process for the certification of conflict diamonds, Parliament observes that trade in natural resources is still fuelling rebels and human rights abuses are still taking place in mining areas. It emphasises therefore the urgent need for a **system of due diligence for gems and valuable minerals, such as so-called conflict minerals**.

Members take the view that **standards for transparency and certification** need to be enlarged over time to fully address bribery and corruption in the extractive sector. They call, more broadly, on the EU to support stronger governance mechanisms to address the environmental and human rights dimensions of resource exploitation. They take the view that **an international convention for sustainable resource management** is essential to lay down fundamental legal principles for sustainable resource management.

6. Food security and biofuels: the resolution 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.