Basic information

2012/2224(INI) INI - Own-initiative procedure	Procedure completed
Advancing development through trade **Subject** 6.20 Common commercial policy in general 6.30 Development cooperation 6.30.02 Financial and technical cooperation and assistance	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
DEVE Development	SVENSSON Alf (PPE)	10/07/2012
	Shadow rapporteur NEUSER Norbert (S&D) GOERENS Charles (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
INTA International Trade (Associated committee)	SAÏFI Tokia (PPE)	17/09/2012
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN Transport and Tourism	The committee decided not to give an opinion.	

AGRI	Agriculture and Rural Development	The committee decided not to give an opinion.	
PECH	Fisheries	The committee decided not to give an opinion.	
JURI	Legal Affairs	The committee decided not to give an opinion.	

European Commission	Commission DG	Commissioner
	Trade and Economic Security	DE GUCHT Karel

Key events

Date	Event	Reference	Summary
17/04/2012	Non-legislative basic document published	COM(2012)0022	Summary
13/09/2012	Committee referral announced in Parliament		
13/09/2012	Referral to associated committees announced in Parliament		
19/02/2013	Vote in committee		
04/04/2013	Committee report tabled for plenary	A7-0054/2013	Summary
15/04/2013	Debate in Parliament		
16/04/2013	Decision by Parliament	T7-0119/2013	Summary
16/04/2013	Results of vote in Parliament		
16/04/2013	End of procedure in Parliament		

Technical information

Procedure reference	2012/2224(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	DEVE/7/10590

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE500.537	16/11/2012	
Committee opinion	INTA	PE498.043	23/01/2013	
Amendments tabled in committee		PE504.121	30/01/2013	
Committee report tabled for plenary, single reading		A7-0054/2013	04/04/2013	Summary
Text adopted by Parliament, single reading		T7-0119/2013	16/04/2013	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2012)0022	17/04/2012	Summary
Commission response to text adopted in plenary	SP(2013)472	31/07/2013	

Advancing development through trade

2012/2224(INI) - 17/04/2012 - Non-legislative basic document

PURPOSE: to establish a new and comprehensive framework to **adjust development policy by trading with those countries having the greatest need** of assistance among the developing countries.

BACKGROUND: the world economic landscape has changed dramatically in the past decade, with deep implications for trade, investment and development policies. Historically low tariffs and the reorganisation of international trade along global supply chains increasingly **shift the focus of trade policies to regulatory and other behind-the-border issues**. Developing countries, such as China, India or Brazil, have gone through radical changes and have managed to reap the benefits of open and increasingly integrated world markets. At the other end of the scale may be found the Lesser Developed Countries (LDCs), mainly in Africa, that continue to face many difficulties and are the most off track in the achievement of the Millennium Development Goals (MDGs).

The notion of "developing countries" as a group is losing relevance as a result and **trade, investment and development policies now need to be tailored to reflect this**.

The EU has a particular responsibility as the world's largest trading power, the biggest trading partner of many LDCs.

Further to the 2010 Communication on Trade, Growth and World Affairs, this Communication updates the 2002 Communication on Trade and Development to reflect changes in economic realities, **to take stock of the way the EU has delivered on its commitments** and to outline the direction the EU's trade policies for **development** should take over the next decade.

CONTENT: although it confirms the main principles of the 2002 communication (to this effect, please refer to the European Parliament's resolution on the 2002 Communication, INI/2002/2282), **this Communication stresses the need to increasingly differentiate among developing countries** to focus on those most in need, as well as to improve the way our instruments deliver. It also emphasises the need for our developing country partners to undertake domestic reforms and for other developed and emerging economies to match our initiatives to open markets to countries most in need.

This Communication proposes concrete ways to enhance synergies between trade and development policies (in this context, please also refer to INI /2012/2225).

Tasks for the future to strengthen trade and development: building on recent achievements and efforts but also learning from experience where progress has not been as successful as hoped, the EU will step up efforts to help those countries most in need to reap the benefits of increasingly integrated world markets. With this in mind, the Communication envisages a series of measures some of which are already under way. Some examples of these include:

1) More focused preferences: the Commission has proposed a reform of the GSP scheme to make sure corresponding preferences benefit those countries most in need. In addition to this reform that is considered crucial to better target preferences, the Communication envisages a **package of measures to promote trade for small operators in developing countries**:

- improved publicity on the availability of practical information on trade policies and market information, in particular to encourage South-South trade;

- the use of intellectual property protection tools by small producers and farmers to help them maximise the economic value of their goods;
- the promotion of networks of diaspora small traders in the EU (e.g. on trade procedures, standards, access to finance);
- the facilitation of access to finance for small exporters/traders from developing countries;
- the **extension of the simplified procedure for obtaining proof of origin** (trade preferences are relatively less used for small transactions; the 2011 reform of rules of origin for GSP allows for a simplified procedure based on self-certification for all consignments, based on prior registration by the exporter; if this system works well, its extension to other preferential arrangements will be considered);
- support for the participation of small businesses in trade schemes that secure added value for producers, including those responding to sustainability.

2) Better targeted Aid for Trade (AfT): the objective of this is to **encourage developing countries to include trade in their development strategies** by:

- improving the complementarity between trade and development policies: when trade policy measures create increased opportunities for our developing partners (e.g. EPAs, the new GSP, etc.), instruments such as sector-wide programmes or budget support could assist with economic reforms needed to be able to take advantage of trade and investment opportunities;
- greater support for LDCs to develop trade;
- greater focus on small operators (small farmers and rural smallholders);
- stepping up economic partnerships, regulatory dialogues and business cooperation to help foster new forms of cooperation in countries graduating from bilateral development assistance;
- the revision of our approach in supporting regional integration to focus on trade facilitation and connectivity;
- equipping people for change by increasing their awareness of policies in relation to skills and education, labour rights and social protection;
- improving aid effectiveness and improving coordination among donors.

3) Complementary instruments: the Communication proposes a series of instruments to underpin this policy:

- **greater use of comprehensive and modulated bilateral/regional agreements:** the FTAs will include commitments on services, investment and trade-related areas. If comprehensive and regional agreements prove to be beyond reach, variable geometry or multiple-speed agreements can be introduced.
- **a partnership for democracy and shared prosperity** in response to the Arab Spring going far beyond market access to further deepen integration with countries in the Southern Mediterranean and promote human rights, good governance and democratic reforms;
- **a values-based trade agenda to promote sustainable development:** besides the GSP+ scheme (the flagship EU trade policy instrument supporting sustainable development and good governance), the Commission envisages engaging partner countries in a cooperative process involving civil society as well strengthening compliance with domestic and international labour and environmental standards; private sustainability-bound schemes (e.g. fair, ethical or organic) can be an effective way to foster sustainable and inclusive growth;
- measures to **strengthen corporate social responsibility**;
- measures to **help improve resilience to global commodity price shocks**;
- measures to help **preparedness for natural catastrophes** in particularly vulnerable countries.

4) Principles: to properly implement the above-mentioned proposals, the Communication recommends: i) the **promotion of good governance**, which starts with stable political institutions and practices, an independent judiciary, protection of human rights, transparency of public finances, rules and institutions and a strong stance against fraud and corruption; ii) **promotion of transparency** and the requirement to provide reports in the context of trade agreements under negotiation; iii) **encouragement of ownership**.

The multilateral programme up to 2020: the Communication stresses that **an absolute must be to preserve and strengthen the multilateral trading system**. In this connection, it regrets the current impasse in the Doha Development Agenda (DDA) which offers considerable potential for developing countries. This impasse reveals a fundamental weakness in the WTO setting which has not evolved as quickly as economic realities. There is a growing imbalance between the contribution that large emerging countries make to the multilateral trading system and the benefits they derive from it. This is **increasingly felt in poorer countries** which see the gap between them and emerging countries widening.

The priority for the EU is to pursue negotiations on the DDA to include, for example, mandated topics such as trade facilitation, non-tariff barriers and dispute settlement. **An agreement on trade facilitation offers substantial development benefits** by ensuring coherent reforms in all WTO members.

The issue of **differentiation** and the role of emerging economies must be addressed. Emerging countries should show more leadership and assume more responsibility for opening their markets to LDCs through preferential schemes but also on a non-discriminatory basis towards the rest of the WTO membership. This does not imply full reciprocity of commitments with developed countries as an outcome of the DDA, but greater proportionality of their contribution with the benefits they derive from the system.

As far as **LDCs** are concerned, the objective is to push for greater coherence in preferential rules of origin, including greater transparency, simplicity and improved market access. In addition to the DDA negotiations and to allow as many countries as possible to benefit from the system, **the accession of LDCs to the WTO should be supported and facilitated**.

In **conclusion,** the Communication calls on the countries concerned to make choices and assume responsibilities in the interests of consolidating the long-term benefits of trade and investment.

Given that South-South trade, for the first time, outweighs North-South trade, the Communication calls on large emerging countries **to take more leadership and responsibility in the multilateral trading system** in the interest of the system and for the benefit of global development.

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.

Advancing development through trade

2012/2224(INI) - 16/04/2013 - Text adopted by Parliament, single reading

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.

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- 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.