Basic information

2012/2225(INI) INI - Own-initiative procedure	Procedure completed
Trade and investment-driven growth for developing countries **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
INTA International Trade	SAÏFI Tokia (PPE)	26/03/2012
	Shadow rapporteur BADIA I CUTCHET Maria (S&D) BEARDER Catherine (ALDE) KELLER Ska (Verts/ALE) STURDY Robert (ECR) SCHOLZ Helmut (GUE/NGL)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	The committee decided not to give an opinion.	
DEVE Development (Associated committee)	SVENSSON Alf (PPE)	10/07/2012
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		
21/02/2013	Vote in committee		
08/04/2013	Committee report tabled for plenary	A7-0053/2013	Summary
15/04/2013	Debate in Parliament		
16/04/2013	Decision by Parliament	T7-0120/2013	Summary
16/04/2013	Results of vote in Parliament		
16/04/2013	End of procedure in Parliament		

Technical information

Procedure reference	2012/2225(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	INTA/7/08738

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE500.468	09/11/2012	
Committee opinion	DEVE	PE500.536	28/01/2013	
Amendments tabled in committee		PE504.162	31/01/2013	
Committee report tabled for plenary, single reading		A7-0053/2013	08/04/2013	Summary
Text adopted by Parliament, single reading		T7-0120/2013	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	

Trade and investment-driven growth for developing countries

2012/2225(INI) - 17/04/2012 - Non-legislative basic document

PURPOSE: to establish a new and comprehensive framework to **adjust trade and investment policy in favour of those developing countries in greatest need of assistance**.

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/2012/2224).

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** (please refer to the summary of INI/2012/2224 for details of the measures in question).

2) Better targeted Aid for Trade (AfT): the objective of this is to **encourage developing countries to include trade in their development strategies** (please refer to the summary of INI/2012/2224 for details of the measures in question).

3) Complementary instruments boosting foreign direct investment (FDI): the Communication notes that while FDI in and from developing countries has surged in the past decade, it has largely evaded the countries most in need due to poor economic prospects and unfavourable investment conditions. Investors need stable, transparent and predictable regulatory environments. The EU can help improve the business environment through AfT and a range of FDI-related instruments, now extended by the Lisbon Treaty:

Provisions in EU Free Trade Agreements (FTAs) grant investors greater legal certainty regarding market access sectors (e.g. sectors such as telecommunications, transport, banking, energy, environmental services, construction…);

Investment protection granted by Bilateral Investment Treaties (BITs) either as part of on-going FTA negotiations or as stand-alone agreements;

EU blending mechanisms can be used to leverage domestic and foreign investment in developing countries: grants would be combined with e.g. loans or risk capital to support the financial viability of strategic investments under the new financial instruments covered by the multiannual financial framework for the period 2014-2020. The use of such financial instruments will be assessed case by

case in countries where debt sustainability is fragile. Other instruments that will be considered include guarantees, private equity and public-private partnerships. Cooperation will be sought with the European Investment Bank and Member States' or other development finance agencies.

4) Complementary instruments: the Communication proposes a series of instruments in addition to the classic development measures which are: i) greater use of comprehensive and modulated bilateral/regional agreements; ii) a values-based trade agenda to promote sustainable development; iii) measures to strengthen corporate social responsibility; iv) measures to help improve resilience to global commodity price shocks; and v) measures to help preparedness for natural catastrophes in particularly vulnerable countries.

The following will receive particular attention:

- measures to enhance transparency of investments and to combat fiscal fraud: several initiatives are in place in this regard (such as the Directive requiring the publication of payments made to governments both by publicly quoted companies on European stock markets and by other large EU companies active in the extractive and forestry sectors);
- improvement of transparency in the supply chain, including aspects of due diligence;
- greater support for and use of the recently updated OECD Guidelines for multinational enterprises, as well as the OECD's recommendations on due diligence and responsible supply chain management;
- specific assistance in regard to sustainable mining, geological knowledge and good governance in natural resources management;
- mechanisms controlling price volatility of primary resources (such as the Vulnerability FLEX (V-FLEX) mechanism, a short-term instrument to help the most vulnerable ACP countries to cope with the impact of the global food and financial crisis).

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.

Trade and investment-driven growth for developing countries

2012/2225(INI) - 08/04/2013 - Committee report tabled for plenary, single reading

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.

Trade and investment-driven growth for developing countries

2012/2225(INI) - 16/04/2013 - Text adopted by Parliament, single reading

The European Parliament adopted by 521 votes to 34, with 71 abstentions, a resolution 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’.

Priority measures: Parliament 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.

Main objectives: Parliament takes the view that trada and investment should target in particular the following objectives:

- **Agriculture:** support for self-employed farmers and small cooperatives and for the development of sustainable agricultural, piscicultural and breeding practices; improving their access to financing and microfinancing; supporting developing countries in accessing information and in aligning to international health and plant health standards; gradual removal of export restrictions and action to counter agricultural price speculation and volatility; sustainable and transparent management of natural resources;
- **Industry:** the creation, strengthening and diversification of production capacities and sustainable manufacturing development; improving the business and investment climate in order to facilitate private-sector participation; the gradual removal of trade restrictions; protection of intellectual property rights; reinforcing labour safety standards and social protection systems;
- **Services:** strengthening the rule of law and good governance in order to improve the legal certainty, transparency and legality of private investments, and in particular of FDI; carefully scrutinise existing provisions and negotiating directives on financial services in and for trade agreements; improving the conditions for public procurement and enhancing the efficiency of public services; and promoting environmentally-friendly services, including tourism, logistics and investment.

Recommendations to the European Union and the Commission: the EU is invited to:

- explore possible areas of **cooperation for sustainable development**;
- 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);
- specifically target some of its trade-related assistance for responsible and sustainable development towards **building local, regional, national and international trade capacities** within and among these countries;
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