

# EUROPEAN PARLIAMENT

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*Committee on Development*

**2006/2031(INI)**

05.04.2006

## **OPINION**

of the Committee on Development

for the Committee on International Trade

on trade and poverty: designing trade policies to maximise trade's contribution  
to poverty relief  
(2006/2031(INI))

Draftswoman: Danutė Budreikaitė

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## SUGGESTIONS

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Reiterates that fair trade can be one of the effective tools for poverty reduction; considers, however, that action against poverty requires above all a radical change of policy in both industrialised and developing countries in order to address the structural causes of poverty through fair trade rules, and that the attainment of all eight UN Millennium Development Goals should be regarded as the overriding task in the current negotiations on the world trade system and the Economic Partnership Agreements;
2. Recalls the EU commitment, under the Cotonou Partnership Agreement, to promote sustainable development and poverty eradication in the African Caribbean and Pacific Group of States (ACP); and considers that the EU, as an important trade player in the multilateral institutions, could contribute to the reinforcement of the developing countries' position by shaping a more coherent and comprehensive policy, in accordance with Article 178 of the EC Treaty; stresses, however, the significant input of other international donors;
3. Notes that, according to UNCTAD, in 2004 the 50 LDCs – more than one third of ACP countries - accounted for over 11% of the world's population (742 million), but only 0.6% of the world's GDP;
4. Stresses the importance of maintaining and strengthening the multilateral trade frameworks; recalls that within the WTO, as a forum for shaping a fair rules-based system for international trade, special emphasis should be placed on increasing the developing countries' negotiating capacities in order to enable them to better represent their trade interests and integrate them into the global economy;
5. Considers that during the WTO 6th Ministerial Conference, some progress was made with regard to Special Products and Special Safeguard Mechanism (SSM) and Special and Differential Treatment (SDT), taking into account the concerns of developing countries about the impact of trade liberalisation and reciprocity, but emphasises that much still remains to be done; stresses that SDT must be fully reflected in the negotiations on modalities for tariff reductions in trade in agricultural and industrial goods, in order to allow poorer developing countries sufficient time to consolidate their industrialisation efforts;
6. Welcomes the decision to abolish export subsidies in agriculture by 2013 and calls once again for the implementation of decisions already taken to be brought forward significantly; however as these export subsidies account for only 3.5% of overall EU agricultural support, urges the Commission to continue discussions on finalising the modalities by which agricultural domestic subsidies and tariffs can be reduced in all industrialised countries;

7. Stresses the importance, also for developing countries, of enhancing market access for service providers, whilst safeguarding the ability of all WTO members to regulate their own service sectors in accordance with the GATS agreement, including the possibility of exempting basic sectors such as health, education and audio-visual services; regrets that no specific framework on services has been established within the WTO negotiations so far, especially in sectors which are of interest for the export possibilities of developing countries; calls for substantial progress in this field;
8. Stresses the importance of commodities such as sugar, bananas and cotton for developing countries; calls upon the European Union to offer developing countries the necessary assistance to reform their sugar sectors; deplores the lack of an effective solution to the cotton problem in Hong Kong;
9. Welcomes the extension of the scope of the "aid-for-trade" programme, which has not been restricted to Least Developed Countries (LDCs) but extended to other developing countries; however, deplores the fact that this previously agreed aid has now been made conditional on additional trade concessions from aid recipients; stresses that this aid must be funded with new money and not involve shifting resources already earmarked for other development initiatives, such as the Millennium Development Goals;
10. Takes note of the development package adopted in Hong Kong; regrets that the granting of duty and quota free access for LDC products to developed country markets allows the exclusion of up to 3% of tariff lines which substantially reduces the benefits for LDCs; calls on all developed and advanced developing countries to follow the model of the EU "everything but arms" initiative;
11. Stresses the importance of debt relief by phasing out the debts of LDCs for those governments which respect human rights and the principle of good governance, and give priority to poverty eradication and economic development;
12. Takes note of recent studies by UNCTAD and other institutions that show that the extensive trade liberalisation in LDCs has not been sufficiently translated into sustained and substantial poverty reduction and has contributed to a decline in the terms of trade of developing countries, in particular of African countries; warns against the catastrophic consequences of totally eliminating customs revenue for these countries through the overhasty and forced opening of the market and stresses the right of these countries to determine themselves the speed at which they open their markets in all sectors;
13. recalls the urgent need for stabilisation of commodity prices and a review of supply management mechanisms on international commodity markets; calls on the Commission to support existing proposals of African WTO members to have action on commodity prices included in the current Round of WTO negotiations;
14. Stresses the importance of capacity-building for trade to enhance the ACP's ability to identify needs and strategies, of negotiating and supporting regional integration and of assisting in this process, with a view in particular to diversification and to supporting regional integration and preparing for liberalisation by enhancing production and supply and trading capacity and by offsetting adjustment costs as well as increasing their ability to attract investment while protecting local fledgling industries;

15. Stresses the need for urgent WTO reform resulting in greater democratic accountability, transparency and higher credibility;
16. Considers it necessary to develop trade relations among developing countries, to develop the "South-South" inter-regional dimension, to establish local markets and to increase the access of populations to goods and services but particularly to secure access to essential services such as drinking water, health, energy, transport and education through public investment programmes in line with the Millennium Development Goals (MDG);
17. Considers that not only trade, but especially economic development, investment in small and medium sized businesses which supply goods and services, can have an impact on an increase in wealth in the future; calls, in particular, on the European Investment Bank to develop more programmes for these target groups;
18. Stresses the importance of supporting LDCs in removing red tape in order to stimulate enterprise domestically and find markets abroad in particular by involvement of local communities, parliaments and civil society in developing countries in democratic processes.

## PROCEDURE

<b>Title</b>	Trade and poverty: designing trade policies to maximise trade's contribution to poverty relief
<b>Procedure number</b>	2006/2031(INI)
<b>Committee responsible</b>	INTA
<b>Opinion by</b> Date announced in plenary	DEVE 16.2.2006
<b>Enhanced cooperation – date announced in plenary</b>	
<b>Drafts(wo)man</b> Date appointed	Danutė Budreikaitė 25.1.2006
<b>Previous drafts(wo)man</b>	
<b>Discussed in committee</b>	13.3.2006
<b>Date adopted</b>	03.4.2006
<b>Result of final vote</b>	+: 23 –: 0 0: 0
<b>Members present for the final vote</b>	Margrete Auken, Alessandro Battilocchio, Margrietus van den Berg, Danutė Budreikaitė, Marie-Arlette Carlotti, Thierry Cornillet, Nirj Deva, Fernando Fernández Martín, Michael Gahler, Filip Andrzej Kaczmarek, Glenys Kinnock, Ģirts Valdis Kristovskis, Maria Martens, Miguel Angel Martínez Martínez, Luisa Morgantini, Frithjof Schmidt, Jürgen Schröder, Felekna Uca, María Elena Valenciano Martínez-Orozco and Anna Záborská.
<b>Substitute(s) present for the final vote</b>	Milan Gaľa, Manolis Mavrommatis and Miloslav Ransdorf.
<b>Substitute(s) under Rule 178(2) present for the final vote</b>	
<b>Comments (available in one language only)</b>	...