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on trade and investment-driven growth for developing countries

(2012/2225(INI))

Committee on International Trade

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(*) Associated committee – Rule 50 of the Rules of Procedure

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(*) Associated committee – Rule 50 of the Rules of Procedure

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on trade and investment-driven growth for developing countries

(2012/2225(INI))

- having regard to Articles 207 and 208 of the Treaty of the Functioning of the European Union and Article 3 of the Treaty on European Union,
- having regard to the Commission communication ‘Trade, growth and development – tailoring trade and investment policy for those countries most in need’ (COM(2012)0022),
- having regard to the Commission communication ‘Trade, Growth and World Affairs – Trade Policy as a core component of the EU’s 2020 Strategy’ (COM(2010)0612),
- having regard to the Commission communication ‘Improving EU support to developing countries in mobilising Financing for Development’ (COM(2012)0366),
- having regard to the Commission communication ‘A new response to a changing Neighbourhood’ (COM(2011)0303),
- having regard to the Commission communication ‘Increasing the impact of EU Development Policy – an Agenda for Change’ (COM(2011)0637),
- having regard to the Commission communication ‘Global Europe: a New Approach to financing EU external action’ (COM(2011)0865),
- having regard to the Commission communication ‘Towards a comprehensive European international investment policy’ (COM(2010)0343),
- having regard to the communication ‘A renewed EU strategy 2011-14 for Corporate Social Responsibility’ (COM(2011)0681),
- having regard to the Commission communication ‘Towards an EU Aid for Trade strategy – the Commission’s contribution’ (COM(2007)0163),
- having regard to the communication ‘Trade and Development: Assisting Developing Countries to Benefit from Trade’, COM(2002)0513,
- having regard to the 2012 EU Accountability Report on Financing for Development, and in particular the section on aid for trade (SWD(2012)199),
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States (ACP) and the European Union, signed in Cotonou on 23 June 2000, and its revisions in 2005 and 2010,
- having regard to its resolutions of 25 November 2010 on human rights and social and

environmental standards in international trade agreements¹, international trade policy in the context of climate change imperatives² and corporate social responsibility in international trade agreements³,

- having regard to its resolution of 23 May 2007 on the EU's Aid for Trade⁴,
- having regard to its resolutions on the economic partnership agreements with the ACP regions and states⁵,
- having regard to its resolution of 27 September 2011 on a New Trade Policy for Europe under the Europe 2020 Strategy⁶,
- having regard to Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences⁷,
- having regard to its resolution of 13 September 2012 on the proposal for a regulation of the European Parliament and of the Council amending Annex I to Council Regulation (EC) No 1528/2007 as regards the exclusion of a number of countries from the list of regions or states which have concluded negotiations⁸,
- having regard to its resolution of 6 April 2011 on future European international investment policy⁹,
- having regard to its legislative resolution of 11 December 2012 on the Council position at first reading with a view to the adoption of a regulation of the European Parliament and of the Council establishing transitional arrangements for bilateral investment agreements between Member States and third countries¹⁰,
- having regard to its resolution of 16 February 2012 on the proposal for a Council decision on the conclusion of the regional Convention on pan-Euro-Mediterranean preferential rules of origin¹¹,
- having regard to Commission Regulation (EU) No 1063/2010 of the Commission amending Regulation (EEC) No 2454/93 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code¹²,

¹ Texts adopted, P7_TA(2010)0434

² Texts adopted, P7_TA(2010)0445

³ Texts adopted, P7_TA(2010)0446

⁴ Texts adopted, P6_TA(2007)0203

⁵ Texts adopted, P6_TA(2009)0175, P6_TA(2009)0176, P6_TA(2009)0177, P6_TA(2009)0178, P6_TA(2009)0179, P6_TA(2009)0180, P6_TA(2009)0181, P6_TA(2009)0182, P6_TA(2009)0183, P6_TA(2009)0184

⁶ Texts adopted, P7_TA(2011)0412

⁷ OJ L 303, 31.10.2012, p. 1.

⁸ Texts adopted, P7_TA(2012)0342

⁹ Texts adopted, P7_TA(2011)0141

¹⁰ Texts adopted, P7_TA(2012)0471

¹¹ Texts adopted, P7_TA(2012)0060

¹² OJ L 307, 23.11.2010, p. 1.

- having regard to the Council conclusions of 16 March 2012 on the EU’s approach to trade, growth and development in the next decade and of 15 October 2012 on financing for development,
- having regard to its resolution of 25 March 2010 on the effects of the global financial and economic crisis on developing countries and on development cooperation¹ ,
- having regard to the opinion of the European Economic and Social Committee of 18 September 2012² ,
- having regard to the WTO’s Aid-for-Trade Work Programme 2012-2013,
- having regard to the joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on the European Union Development Policy: ‘The European Consensus’³ ,
- having regard to the EU Strategy on Aid for Trade: Enhancing EU support for trade-related needs in developing countries, adopted on 15 May 2007,
- having regard to the Almaty Programme of Action for Landlocked Developing Countries adopted on 28-29 August 2003,
- having regard to the Paris Declaration on Aid Effectiveness of 2 March 2005 and to the Busan Partnership for Effective Development Cooperation established on 1 December 2011,
- having regard to the Istanbul Programme of Action for the LDCs for the decade 2011-2020⁴,
- having regard to the ‘Seoul Development Consensus for Shared Growth’ adopted at the G-20 summit in Seoul on 11-12 November 2010,
- having regard to UNCTAD’s World Investment Report 2012, the 2011 United Nations (UN) Guiding Principles on Business and Human Rights, the UN Guiding principles on human rights impact assessments of trade and investment agreements, the UNCTAD/FAO/World Bank/IFAD Principles for Responsible Agricultural Investment, the 2011 Revision of the OECD Guidelines for Multinational Enterprises, the Doha Mandate adopted at UNCTAD’s XIII Ministerial Conference in 2012 and the Rio+20 Conference in 2012;
- having regard to Rule 48 of its Rules of Procedure,
- having regard to the report of the Committee on International Trade and the opinion of the Committee on Development (A7-0053/2013),

¹ Texts adopted P7_TA(2010)0089

² OJ C 43, 15.2.2012, p.73.

³ OJ C 46, 24.2.2006, p.1.

⁴ Programme of Action for the Least Developed Countries for the Decade 2011-2020, Istanbul, 11.05.2011.

- A. whereas the EU's trade and investment policy should be guided by the general principles of its external action as laid down in Articles 3 and 21 TEU, and should contribute to 'the sustainable development of the Earth ..., free and fair trade, eradication of poverty and the protection of human rights';
- B. whereas Articles 207 and 208 of the Treaty on the Functioning of the European Union are interlinked; whereas Article 207 states that the EU's commercial policy shall be based on the principles and objectives of the Union's external action; whereas Article 208 requires that the Union's policies which are likely to affect developing countries shall take account of the objectives of development cooperation;
- C. whereas trade and investment between the EU, developing countries (DCs) and least developed countries (LDCs) is a means of achieving those objectives by stimulating the sustainable and inclusive growth of all parties enabling the transfer of technologies and skills and helping to create jobs, making it possible to increase competitiveness and productivity, achieve greater social cohesion and combat inequality;
- D. whereas trade and investment cannot in themselves have a decisive impact on growth and sustainable development, since the structural weaknesses (shortfalls in human capital, governance and infrastructure, a weak private sector, heavy reliance on exports of raw materials, poor export diversification, high trade costs, etc) from which DCs, including LDCs, suffer hamper their full access to world trade;
- E. whereas the EU trade and investment policy designed to stimulate growth in beneficiary countries must be in line with the development targets set by the relevant authorities and the principle of Policy Coherence for Development, and go hand-in-hand with technical and financial assistance and, where appropriate, development of North-South, cross-border and South-South public-private partnerships;;
- F. whereas, in 2010, South-South trade came to account for 23 % of world trade; whereas, according to the WTO's 2011 World Trade Report, preferential South-South agreements represented two-thirds of all such agreements, and North-South agreements only one-quarter; whereas, according to the World Investment Report 2012, the emerging economies between them attract almost half of the world's foreign direct investment (FDI);
- G. whereas many countries are still not fully benefiting from trade, and the ratio of least-developed countries (LDCs) in the world GDP is falling; whereas, in spite of a high economic growth rate, the 49 LDCs still account for only 1.12% of world trade; whereas trade has not been equally beneficial to all DCs, and in some cases has exacerbated social inequalities
- H. whereas the major emerging countries, which still belong to the DC category, are simultaneously donors and beneficiaries of aid for trade; whereas the EU and the other developed countries should take greater account of the complex status of these new players, their importance and their specific characteristics, and hence adapt their aid for trade;

- I. whereas trade and investment measures to promote sustainable development can have very varied origins and forms; whereas several different programmes and actions may be run within the same country, but a lack of coordination can reduce their effectiveness and relevance and, ultimately, dent the public's confidence in such measures;
- J. whereas the EU and its Member States are the largest donors of aid for trade, with EUR 10.7 billion committed in 2010 (or almost a third of the total amount of ODA); whereas the economic and financial crisis has raised the issue of reducing the funding earmarked for public-sector development assistance, and in particular aid for trade, as well as that of the effectiveness of its use;
- K. whereas the EU has committed itself to increasing its total aid budget to 0.7 % of GNI by 2015;
1. Supports the Commission's aim of enhancing synergies between trade and development policies; recommends that it take account of beneficiary countries' needs and capacities, encouraging instruments such as regional integration which can ensure that better advantage is taken of such synergies, 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,
 - 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;
2. Calls on the EU to 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 DCs and the LDCs;

3. Stresses the importance of decent wage levels and decent workplace safety standards for a sustainable global trade system and new global production chains; reminds the Commission in this regard of its communication ‘Promoting Decent Work for All’;
4. Urges the EU, other aid donors, authorities in partner countries and local and international private actors in developing countries to explore possible areas of cooperation for sustainable development, in order to maximise the contribution of business activities to achieving development goals.
5. Stresses the need for the EU, 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; welcomes the objectives of the Development Cooperation Instrument, which highlights the priorities of employment and growth in developing countries;
6. Considers the ownership by beneficiary countries of programmes for developing trade and investment to be one of the decisive factors in their success; believes that national, regional and local authorities and civil society must be systematically involved, in accordance with the rule of law, in the framing and monitoring of national programmes;
7. Encourages the DCs to mainstream the objective of sustainable economic development, as a cross-cutting national policy goal laid down in their respective strategies and initiatives; asks the Commission to work, inter alia by offering more assistance, towards increasing governments’ capacity to incorporate issues linked to sustainable and inclusive economic development into their national trade strategies and programmes;
8. Notes that better training in development issues would allow the clearer identification of concrete development needs and of possible ways to fulfil them in order to guide and facilitate the tasks of trade negotiators and other trade officials;
9. Views as decisive investment aimed at creating, developing, strengthening and maintaining key sustainable transport, sustainable energy and telecommunications infrastructure, in particular cross-border infrastructure and intermodal hubs;
10. Emphasises the need to establish full transparency regarding payments made to governments by European enterprises; calls on the Commission to support sustainable industrialisation strategies in developing countries aimed at trading in value-added products rather than just raw materials;
11. Considers that when trade and investment are used as drivers for sustainable growth and economic development, they should target in particular the following objectives, while developing the production and infrastructure that is needed:
 - ***Agriculture:***
 - support for self-employed farmers and small cooperatives and for the development of sustainable agricultural, piscicultural and breeding practices which enable supply chains to be established, consolidated and diversified;

- improving their access to financing and microfinancing;
- supporting DCs in accessing information and in aligning to international health and plant health standards, in order to guarantee fair competition and broader access to markets, including better access for DCs to the markets of industrialised countries while better protecting their populations;
- gradual removal of export restrictions and action to counter agricultural price speculation and volatility;
- support for the introduction and marketing of socially and environmentally friendly goods and services, including eco-tourism, with a view to ensuring added value for the producers and respect for sustainability criteria;
- sustainable and transparent management of natural resources;
- programmes for the fair access of farmers to land;
- creating access to capacity-building, especially around product diversification; enhancing products' added value and assisting in compliance with standards and technical requirements for local, regional and international markets;
- put in place a system of positive incentives in the Sustainable Development Subheadings of trade agreements, to encourage imports of agricultural products to the EU that comply with international environmental, social and human rights standards, in particular by ensuring fair incomes for producers and a living wage for agricultural workers, as called for by the UN special rapporteur on the right to food;
- support the need for DCs and LDCs to 'carve off' certain sensitive agricultural products from reciprocal liberalisation;
- **Industry:**
 - the creation, strengthening and diversification of production capacities and sustainable manufacturing development that generates, via inclusive fair supply chains, benefits for the local actors involved;
 - improving the business and investment climate in order to facilitate private-sector participation, including local small businesses and, where appropriate, the development of public-private partnerships;
 - the gradual removal of trade restrictions, taking account of the need for DCs to diversify their economy and the need to protect infant industries in order to build up a sustainable domestic industrial base;
 - protection of intellectual property rights, including GIs, taking account the level of development of countries and with a view to favouring technology transfer (including green technology), in compliance with the Doha Declaration on TRIPS and Public Health;

- promoting decent working conditions, transparency and sustainability; fostering sustainable and equitable forms of work; reinforcing labour safety standards and social protection systems, with particular reference to the ILO recommendations on national social protection floors;

- **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, given that these should not hamper adequate financial regulation within the EU and its trading partners;
- improving the conditions for public procurement;
- enhancing the efficiency of public services;
- promoting services that facilitate trade and investment, and particularly environment-friendly services, including tourism, logistics and investment;

- **Administration:**

- helping national governments to decide their national trade policies and strategies with an adequate level of transparency and participation;
- developing common tools and resources to provide the least developed countries concerned with practical information and methods;
- support for the reform of tax and customs administrations, and for measures aimed at limiting the informal sector's share of the economy as well as reintegrating the informal sector into the regulated economy;
- improving the effectiveness, governance and organisation of transit systems and the movement of goods, persons and services;
- establishing institutions that facilitate trade and investment and the creation of guarantee funds and risk capital funds, including seed capital and business angels;

12. 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; 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); urges the Commission to take account of the principles of the Enhanced Integrated Framework (EIF) for the LDCs;

13. Emphasises that social entrepreneurship and social innovation in the developing countries are the engines of growth for development, and can help reduce inequality and promote growth, provided that profits are reinvested in the economy;

14. Takes the view that while transfers of funds and microfinance remain relevant tools, they alone cannot meet all funding requirements; calls on all donors to seek out and promote innovative forms of financing and partnership; supports the introduction of South-South and triangular partnerships; recommends more widespread use of interregional funding schemes, such as those implemented in connection with the EU-Africa Infrastructure Trust Fund;
15. Supports the package for promoting trade for small operators in developing countries announced in the Commission communication; calls on the Commission to make progress on developing this package, and calls on all donors to allocate sufficient funds for its implementation, and, specifically, to support the participation of small businesses in trade schemes that secure added value for producers, including those responding to sustainability (e.g. Fair Trade); requests regular updates on implementation;
16. Welcomes the adoption of the communication ‘Improving EU support to developing countries in mobilising Financing for Development’; calls on the Commission to implement its proposals swiftly, with a view to mobilising additional sustainable, predictable and effective financing; welcomes the guidelines set out in the OECD’s Policy Framework for Investment User’s Toolkit; welcomes the results of the Busan Global Partnership for Effective Development Cooperation and the Istanbul Principles for CSO Development Effectiveness;
17. Expresses its concern at the proliferation of tied aid practices; urges the developed countries and the major emerging countries not to resort to such practices, but, rather, to make efforts to harness regional and local resources, including human capital, in their economic development projects centring on trade and investment;
18. Recognises the work done by the international institutions (the WTO, UNCTAD, UNIDO, the OECD, the G20, the World Bank and the multilateral development banks) in the field of aid for trade; favours, in the framework of aid for trade programmes, the inclusion of measures to help DCs compensate for the losses stemming from trade liberalisation; considers that a system should be established to facilitate international, national and local cooperation between donors under the coordination of UNCTAD and the WTO; recalls the EU’s commitment to promote and facilitate the representation and participation of DCs in the above international institutions;
19. Deplores the lack of coordination of investment policies, including at the international level; welcomes the agreement reached by Parliament and the Council on transitional arrangements for bilateral investment agreements between Member States and third countries; encourages the Commission to develop an EU policy on international investment which ensures proper investment protection, enhances legal certainty, and reflects the capacity of states to generate common rules and standards, while taking into account particular social, economic and environmental needs such as, inter alia, those set out in UNCTAD’s Investment Policy Framework for Sustainable Development; recalls that DCs suffer disproportionately from high costs of investor-to-state dispute settlement;
20. Considers it essential to reform the IIAs in order to strengthen their development dimension, by balancing the rights and obligations of states and investors, ensuring sufficient policy space for sustainable development policies, and making investment

promotion provisions more concrete and more closely aligned with sustainable development objectives;

21. Urges the Commission to produce disaggregated data on outbound EU foreign direct investment (FDI) to DCs and LDCs, considering the following categories of investment: mergers and acquisitions, intra-company shuffling of assets, speculative investment and green investment;
22. Believes that cooperation should also focus on capacity and institution-building, so that DCs are able to frame the necessary conditions for investment, such as building tax-collection capacities, fighting tax evasion, and implementing the highest accounting standards;
23. Welcomes the WTO's decision to facilitate accession for LDCs; calls on the developed countries and the major emerging countries which are WTO members to use the derogation applicable to services in the case of LDCs and to apply preferential treatment to services and service providers from LDCs, while paying particular attention to Mode 4, which is a priority for LDCs;
24. Hopes that the EU and its Member States will use their influence, especially on the major emerging countries, to achieve a swift conclusion of the trade facilitation agreement negotiated as part of the Doha Round;
25. Welcomes the commitment made by the BRICS countries to promote the growth and economic development of the DCs; calls on them to link their actions to respect for democratic principles and good governance and the promotion thereof; asks the Commission to continue to include a democracy and human rights clause in all trade agreements with developing countries;
26. Urges the Commission to propose tangible ways of bolstering its support for swifter and deeper regional integration amongst DCs, with a view to developing regional markets and creating regional value chains; to this end, invites the Commission to promote regional integration in its bilateral and regional trade agreements; calls on the Commission to consider simplifying and harmonising rules of origin and the means of facilitating their use by small-volume exporters; calls on the Commission to strengthen its partnerships with existing regional institutions, and particularly the African Development Bank; points out the vital role played by the local private sector in terms of trade integration and economic development;
27. Welcomes the reform of rules of origin and the entry into force of the reformed generalised system of preferences (GSP); hopes the Commission will come forward with a report on the consequences for beneficiary countries of the change in that system, and particularly for those countries for which preferences have been withdrawn, in accordance with the provisions of Article 40 of the new rules;
28. Takes note of the provisional application of a first economic partnership agreement (EPA) with a group of African countries; encourages the Commission to take stock of the lack of progress so far in concluding other EPAs which take full account of the development interests of DCs; calls on the Commission to harness this momentum in order to relaunch

the ongoing negotiations on EPAs between the EU and interested DCs, in order to gradually integrate their markets in the multilateral trade framework; stresses the importance of establishing a firm and fair legal and commercial framework for promoting EU investment in ACP countries in a form that is mutually beneficial; calls on the Commission to take into account Parliament's recommendations concerning preference erosion and the flexibility and scope of tariff dismantling, and to pay particular attention to implementing the EPAs;

29. Believes 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; urges the Commission, nonetheless, 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; believes that the Commission and the European External Action Service should develop synergies in order to further enhance the Union's commercial diplomacy worldwide;
30. Encourages the Commission to include Trade and Sustainable Development chapters in bilateral trade agreements with binding environmental and labour rules and CSR clauses; considers that, additionally, the Commission should offer cooperation to help DCs and LDCs meet those standards; believes that a strong involvement of civil society in the monitoring of the implementation of such chapters increases awareness and acceptance of environmental and social standards;
31. Recommends that the Commission negotiate the inclusion of binding and enforceable human rights provisions, in addition to social and environmental provisions, in all future trade agreements in order to increase the effectiveness and credibility of the EU's conditionality policy;
32. Urges the EU to 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; stresses, in particular, that in order for growth to be inclusive and efficient in terms of poverty reduction, it should be pursued in sectors in which poor people are active, should benefit and empower women, and should be associated with the creation of jobs as well as with the development of finance for micro-enterprises and small businesses;
33. Calls on EU-based companies with production facilities in developing countries to set an example by abiding by obligations to respect human rights and freedoms, social and environmental standards, core labour standards and international agreements;
34. Calls on European corporations whose subsidiaries or supply chains are located in developing countries to comply with their national and international legal obligations in the areas of human rights, labour standards and environmental rules;
35. Welcomes the fact that a broad range of industries and transnational companies have adopted codes of conduct detailing social and environmental performance standards for their global supply chains; recalls, however, that differing accounting, auditing and

reporting standards for these codes make them difficult to compare; stresses that better implementation of the UN Guiding Principles on Business and Human Rights will contribute to EU objectives regarding specific human rights issues and core labour standards;

36. Stresses that EU assistance to governments of third countries in implementing social and environmental regulation is a necessary complement to advancing the CSR of European businesses worldwide;
37. Notes that, notwithstanding the implementation of the Kimberley Process for the certification of conflict diamonds, trade in natural resources is still fuelling rebels and human rights abuses are still taking place in mining areas; emphasises, therefore, the urgent need for a system of due diligence for extraction of and trade in gems and other so-called conflict minerals; takes the view that such a measure could contribute to addressing the overriding challenge of the resource curse and increase the benefits for developing countries of trading their commodities;
38. Acknowledges that the Commission is a partner in the Extractive Industries Transparency Initiative (EITI); calls on the Commission and parties active within the extractive industry actively to encourage more producer countries to join the initiative;
39. Urges the Commission, when concluding trade and investment agreements, to implement the guidance prepared by the UN rapporteur on the right to food which calls for the use of Human Rights Impact assessments ('Guiding Principles on Human Rights Impact Assessments of Trade and Investment Agreements'), so as to ensure that the agreements are consistent with obligations under international human rights instruments;
40. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States, and the ACP-EU Joint Parliamentary Assembly.

23.1.2013

OPINION OF THE COMMITTEE ON DEVELOPMENT(*)

for the Committee on International Trade

on Trade and investment-driven growth for developing countries
(2012/2225(INI))

Rapporteur (*): Alf Svensson

(*) Associated committee – Rule 50 of the Rules of Procedure

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. Recalls the importance of the principle of Policy Coherence for Development; takes the view that trade agreements and investment undertaken by the EU should support the abilities of these countries to industrialise, diversify their production, move up the value chain and develop their service sector, to the benefit of responsible and sustainable development; emphasises that trade and development policy should pursue objectives in the field of agriculture, particularly the abolition of any EU agricultural subsidies that could harm food security, the sustainable management of natural resources, and local, regional and national integrated growth strategies;
2. Underlines that investment policy raises two main challenges for developing countries: at the national level, investment policy needs to be included into development strategy, incorporating sustainable development objectives; at the international level, it is necessary to strengthen the development dimension of international investment agreements (IIAs) and to balance the rights and obligations of states and investors;
3. Regrets that, according to UNCTAD's World Investment Report 2012, some IIAs concluded in 2011 keep to the traditional Treaty model that focuses on investment protection as the sole aim; welcomes, however, the fact that some new IIAs include provisions to ensure that the Treaty does not interfere with, but rather contributes to, sustainable development strategies that focus on the environmental and social impacts of investments in the countries concerned;

4. Points out that the 2012 revision of the United States Model Bilateral Investment Treaty (BIT) turns the best-endeavour commitment not to relax domestic environmental and labour laws into a binding obligation;
5. Urges the EU and its Member States to strive for the integration of provisions on sustainability in its investment agreements that are in line with the adoption of and follow-up work on the 2011 UN Guiding Principles on Business and Human Rights, the UNCTAD/FAO/World Bank/IFAD Principles for Responsible Agricultural Investment, the 2011 Revision of the OECD Guidelines for Multinational Enterprises, the Doha Mandate adopted at UNCTAD's XIII Ministerial Conference in 2012 and the Rio+20 Conference in 2012;
6. Considers it essential to reform IIAs to strengthen their development dimension, balancing the rights and obligations of states and investors, ensuring sufficient policy space for sustainable development policies and making investment promotion provisions more concrete and aligned with sustainable development objectives;
7. Notes that better training in development issues would allow for clearer identification of concrete development needs and of possible ways to fulfil them in order to guide and facilitate the tasks of trade negotiators and other trade officials;
8. Recalls that mobilising investment for sustainable development remains a major challenge for developing countries, particularly for the Least Developed Countries; underlines, in this context, that UNCTAD has developed a comprehensive Investment Policy Framework for Sustainable Development (IPFSD) that puts a particular emphasis on the relationship between foreign investment and sustainable development;
9. Recalls that positive development impacts of foreign direct investment do not materialise automatically, but require, i.a., adequate regulation that covers policy areas beyond investment policies per se, such as trade, taxation, intellectual property, competition, labour market regulation, environmental policies and access to land;
10. Stresses the need for the EU, 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; welcomes the objectives of the Development Cooperation Instrument, which highlights the priorities of employment and growth in developing countries;
11. Urges the EU to 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; stresses, in particular, that in order for growth to be inclusive and efficient in terms of poverty reduction, it should be pursued in sectors in which poor people are active, benefit and empower women, and be associated with the creation of jobs as well as with the development of finance for micro-enterprises and small businesses;

12. Emphasises that social entrepreneurship and social innovation in the developing countries are the engines of growth for development, and can help reduce inequality and promote growth, provided that profits are reinvested in the economy;
13. Calls on EU-based companies with production facilities in developing countries to set an example by abiding by obligations to respect human rights and freedoms, social and environmental standards, core labour standards and international agreements;
14. Calls on European corporations whose subsidiaries or supply chains are located in developing countries to comply with their national and international legal obligations in the areas of human rights, labour standards and environmental rules;
15. Welcomes the fact that a broad range of industries and trans-national companies have adopted codes of conduct detailing social and environmental performance standards for their global supply chains; recalls, however, that differing accounting, auditing and reporting standards for these codes make them difficult to compare; stresses that better implementation of the UN Guiding Principles on Business and Human Rights will contribute to EU objectives regarding specific human rights issues and core labour standards;
16. Stresses that EU assistance to governments of third countries in implementing social and environmental regulation is a necessary complement to advancing the CSR of European businesses worldwide;
17. Emphasises the importance of EU support and of shared experience in promoting good governance, well-functioning tax administration, effective fight against corruption, and the formulation of national development strategies aiming at sustainable, inclusive growth and poverty reduction and a strong commitment to their successful implementation; stresses that the pursuit of these objectives must precede, accompany and influence the negotiation of trade agreements;
18. Notes that, notwithstanding the implementation of the Kimberley Process for the certification of conflict diamonds, trade in natural resources is still fuelling rebels, and human rights abuses are still taking place in mining areas; emphasises, therefore, the urgent need for a system of due diligence for the extraction of and trade in gems and other so-called conflict minerals, takes the view that such a measure could contribute to addressing the overriding challenge of the resource curse and increase the benefits for developing countries of trading their commodities;
19. Acknowledges that the Commission is a partner in the Extractive Industries Transparency Initiative (EITI); calls on the Commission and parties active within the extractive industry actively to encourage more producer countries to join the initiative;
20. Urges the EU, other aid donors, authorities in partner country and local and international private actors in developing countries to explore possible areas of cooperation for sustainable development, in order to maximise the contribution of business activities to achieving development goals.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	22.1.2013
Result of final vote	+: 22 -: 0 0: 2
Members present for the final vote	Thijs Berman, Michael Cashman, Corina Crețu, Véronique De Keyser, Nirj Deva, Leonidas Donskis, Charles Goerens, Filip Kaczmarek, Miguel Angel Martínez Martínez, Gay Mitchell, Norbert Neuser, Bill Newton Dunn, Maurice Ponga, Birgit Schnieber-Jastram, Michèle Striffler, Alf Svensson, Keith Taylor, Eleni Theocharous, Patrice Tirolien, Anna Záborská, Iva Zanicchi
Substitute(s) present for the final vote	Enrique Guerrero Salom, Gesine Meissner, Judith Sargentini

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	21.2.2013
Result of final vote	+: 23 -: 1 0: 3
Members present for the final vote	Laima Liucija Andrikienė, Nora Berra, David Campbell Bannerman, Daniel Caspary, María Auxiliadora Correa Zamora, George Sabin Cutaş, Marielle de Sarnez, Christofer Fjellner, Yannick Jadot, Metin Kazak, Franziska Keller, Bernd Lange, David Martin, Vital Moreira, Paul Murphy, Godelieve Quisthoudt-Rowohl, Helmut Scholz, Peter Šťastný, Robert Sturdy, Henri Weber, Paweł Zalewski
Substitute(s) present for the final vote	Josefa Andrés Barea, Catherine Bearder, Syed Kamall, Jörg Leichtfried, Tokia Saïfi
Substitute(s) under Rule 187(2) present for the final vote	Paul Rübzig