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on Advancing Development through Trade
(2012/2224(INI))

Committee on Development

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(*) Associated committees – 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 Advancing Development through Trade

(2012/2224(INI))

The European Parliament,

- having regard to the Commission's communication on trade, growth and development, (COM(2012)0022) of 27 January 2012, which updates a communication on the same subject of 18 September 2002,
- having regard to Articles 207 and 208 of the Treaty on the Functioning of the European Union and Article 3 of the Treaty on European Union,
- having regard to the Commission's other communications and staff working documents in recent years of relevance to this subject, including those on Policy Coherence for Development (COM(2009)0458, SEC(2010)0421, SEC(2011)1627), on the EU Plan of Action on Gender Equality and Women's Empowerment in Development 2010-2015 (SEC(2010)0265), on increasing the impact of EU development policy: an Agenda for Change (COM(2011)0637), on financing for development COM (2012)0366, on the EU approach to resilience (COM(2012)0586), on social protection in EU development cooperation (COM(2012)0446) and on engagement with civil society in external relations (COM(2012)0492), as well as to its communication on Aid for Trade (COM(2007)0163) and its annual monitoring reports on this aid,
- having regard to the Council's conclusions on the EU's approach to trade, growth and development in the next decade, of 16 March 2012, and to its other conclusions of relevance to this subject,
- having regard to the Cotonou Agreement¹,
- having regard to the regulations relating to the Development Cooperation Instrument (DCI)² and the European Development Fund (EDF) and their implementation,
- having regard to the EU Strategic Framework on Human Rights and Democracy and to point 11, on trade, in the associated Action Plan³,
- having regard to the Enhanced Integrated Framework for trade-related assistance to Least Developed Countries, prepared under the leadership of the World Bank,
- having regard to the ILO Decent Work Agenda and the UN Social Protection Floor Initiative,
- having regard to the Fourth World Conference on Women held in Beijing in September

¹ The Cotonou Agreement, as revised in 2005 and 2010.

² Regulation (EC) No 1905/2006, OJ L 378, 21.7.12.2006, p. 41.

³ Council press document 11855/12.

1995, the Declaration and the Platform for Action adopted in Beijing,

- having regard to its resolutions of relevance to trade and development, including on trade and poverty¹; aid for trade²; Economic Partnership Agreements³; the EU's generalised system of preferences⁴; Corporate Social Responsibility (CSR)⁵; tax matters in relation to developing countries⁶; EU-Africa relations⁷; food security⁸; the general development of the EU's development policy⁹ and Policy Coherence for Development¹⁰,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Development and the opinion of the Committee on International Trade (A7-0054/2013),
- A. whereas Articles 207 and 208 of the Treaty on the Functioning of the European Union are clearly 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, and 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;
- B. whereas, following the Beijing Declaration and Platform for Action, Member States and the Commission have adopted the strategy of gender mainstreaming as part of their development cooperation policy;
- C. whereas 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; whereas the promotion of human rights should be integrated into this policy, and contribute to the rights-based approach to development adopted by the EU;
- D. whereas the link between trade liberalisation and poverty reduction is not automatic, but opening up trade can be one of the most effective drivers of economic growth and development, if and when the right conditions are in place;
- E. whereas the prospects for successful trade-driven development depend inter alia on well-functioning institutions, an effective fight against corruption, a healthy private sector and the pursuit of broad-based and inclusive economic development, diversification and progressive increases in added value;
- F. whereas the EU's trade policy towards developing countries seeks to better integrate them

¹ OJ C 298 E, 8.12.2006, p. 261.

² OJ C 102 E, 24.4.2008, p. 291.

³ OJ C 102 E, 24.4.2008, p. 301; OJ C 323 E, 18.12.2008, p. 149; OJ C 117 E, 6.5.2010, p. 101; OJ C 117 E, 6.5.2010, p. 124.

⁴ OJ C 284 E, 20.9.2012, p. 69.

⁵ OJ C 301 E, 13.12.2007, p. 45; OJ C 99 E, 3.4.2012, p. 101.

⁶ OJ C 199 E, 7.7.2012, p. 37.

⁷ OJ C 169 E, 15.6.2012, p. 45.

⁸ OJ C 56 E, 26.2.2013, p. 75.

⁹ Texts adopted, P7_TA(2011)0320; Texts adopted, P7_TA(2012)0386.

¹⁰ OJ C 161 E, 31.5.2011, p. 47; Texts adopted, P7_TA(2012)0399.

into the international trading system, but lacks clearly defined development objectives and therefore risks, instead, destroying local production and increasing dependence on commodity exports; whereas despite significant liberalisation efforts, some developing countries, notably LDCs, have not been able to diversify production and exports;

- G. whereas the impact of globalisation on poverty reduction is uneven; whereas a large proportion of the population in developing countries still lives in extreme poverty, particularly in the LDCs; only 18% of the extremely poor were living in LDCs in 1990 but that share had doubled to 36% by 2007;
- H. whereas the negotiations on Economic Partnership Agreements are far behind schedule, overall progress is still weak, development objectives are not clearly identified in the EU EPA strategy, and a fresh focus on development in the negotiations, rather than a deadline, is needed to remedy this situation;
- I. whereas poor countries have difficulties in compensating for the decline in trade taxes resulting from the current global context of trade liberalisation; whereas there is a danger that customs tariffs on processed goods which exceed those on raw materials may help to consign developing countries to the role merely of exporters of raw materials;
- J. whereas the negative trade and development effects on developing countries of the Common Agricultural Policy must be eliminated;
- K. whereas the expansion of agrofuels has relied overwhelmingly on the expansion of large-scale industrial monoculture, thereby extending agricultural practices that are harmful for the environment, biodiversity, soil fertility and water availability; whereas the expansion of agrofuels may have dramatic consequences in terms of violation of land rights, loss of access to vital natural resources, deforestation and environmental degradation;
- L. whereas upper-middle-income countries will be excluded from the EU's Generalised System of Preferences from 1 January 2014, but it is uncertain to what extent this will lead to the opening of new export opportunities for the least developed countries;
- M. whereas Aid for Trade (AfT) is designed to assist developing countries inter alia in building trade capacity, reducing administrative barriers to trade, putting in place an efficient infrastructure for the transport of goods, and strengthening local businesses to prepare them for meeting local demand and competition and allow them to benefit from new market opportunities; whereas Aid for Trade should help promote processing and diversification of production, assist regional integration, facilitate technology transfers, facilitate the establishment or development of domestic productive capacity, and help reduce income inequality;
- N. whereas regional integration is an effective means of achieving prosperity, peace and security; whereas the development benefits of better functioning internal and regional trade may be as significant as, or more significant than, those of increased external trade, especially in a context of climate change; whereas regional trade in Africa is dominated by trade in processed goods, in contrast to the domination of raw materials in the external trade;

- O. whereas the export of natural resources is often associated with corruption as well as with stagnation in other economic sectors; whereas the existence of a ‘resource curse’ phenomenon is now widely recognised and the EU’s trade policy must seek to help prevent and counteract this phenomenon;
- P. whereas ‘conflict resources’ are natural resources whose systematic exploitation and trade in a context of conflict contribute to, benefit from or result in the commission of serious violations of human rights, violations of international humanitarian law or violations amounting to crimes under international law;
- Q. whereas EU policies must support and never harm food security; whereas it is also imperative to halt the re-assignment of agricultural land in food-insecure developing countries or regions away from production of food for local or regional needs (the ‘land grab’ problem);
- R. whereas, in particular, support for biofuels has led to indirect land-use change and volatile food prices in developing countries;
- S. whereas ensuring land tenure security for smallholders, who constitute the majority of land owners in developing countries and are the most vulnerable, is the foundation of healthy real estate and credit markets which are essential to stable and sustainable development;
- T. whereas investing in opportunities for women, with regard to microcredit in particular, is essential in order to achieve high returns in terms of economic and social development;

Making trade an efficient driver of growth, development and poverty reduction

- 1. Confirms its position that facilitating sustainable development must be the overriding objective of the EU’s trade policy towards developing countries; takes the view that concrete and sustainable development objectives should be formulated for all initiatives in the framework of this policy;
- 2. Stresses 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;
- 3. Points out that 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; emphasises that this includes paying a fair price for the resources and agricultural products of developing countries;
- 4. Asks that special attention be paid to the promotion of gender equality and women’s empowerment;
- 5. Welcomes the focus on the business environment, regional integration and world markets, as well as on social protection, health, education and jobs in the Agenda for Change

(COM(2011)0637);

6. Calls for full implementation of Policy Coherence for Development, including through termination of any iniquitous production and trade practices, of over-fishing and of agricultural subsidies that harm development and threaten food security;
7. Stresses that investment policy raises two main challenges for developing countries: at the national level, investment policy needs to be included within 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;
8. 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 of the Treaty; welcomes, however, the fact that some new IIAs include provisions to ensure that the Treaty does not interfere with, but rather contributes to, countries' sustainable development strategies that focus on the environmental and social impacts of investment;
9. Notes with concern the growing number of Investor-State Dispute Settlement (ISDS) cases filed under International Investment Agreements (IIAs) whereby investors have challenged core public policies, claiming that these policies have negatively affected their business prospects; points out, in this context, that the UNCTAD World Investment Report (2012) indicates that IIAs are becoming increasingly controversial and politically sensitive, primarily owing to the spread of IIA-based investor-state arbitrations which provoke growing discontent (e.g. Australia's trade policy statement announcing that it would stop including ISDS clauses in its future IIAs) and which reflect, *inter alia*, deficiencies in the system (e.g. the wide scope of provisions such as expropriation, concerns regarding the qualification of arbitrators, lack of transparency and high costs of the proceedings, and the relationship between ISDS and state-state proceedings); insists therefore that any future European investment agreements must ensure that international investor-state dispute settlements do not undermine the ability of states to legislate in favour of the public interest;
10. Recalls that mobilising investment for sustainable development remains a major challenge for developing countries, particularly for LDCs; emphasises, 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;
11. Calls on the EU to actively use the many instruments at its disposal to support peace, respect for human rights, democracy, the rule of law, good governance, sound public finances, investments in infrastructure, compliance with social standards by European firms and their subsidiaries, reliable provision of basic services and the pursuit of inclusive and sustainable growth and poverty reduction in developing countries and thereby also help create a conducive environment for efficient Aid for Trade and sustainable trade development;
12. Highlights that the successful integration of developing countries into world trade requires

more than better market access and strengthened international trade rules; stresses consequently that AfT programming should support developing countries in their domestic efforts to promote local trade, remove supply-side constraints and address structural weaknesses, which can be addressed through domestic reforms in trade-related policies, trade facilitation, enhancement of customs capacities, upgrading of infrastructure, enhancement of productive capacities and the building of domestic and regional markets;

13. Recalls that the link between international trade and poverty reduction is not automatic; notes, in this respect, that UNCTAD states that the average level of trade integration of the LDCs, measured by the ratio of exports and imports of goods and services to GDP, has actually been higher than that of the advanced economies since the early 1990s; considers therefore that the persistence of mass poverty in the LDCs is the consequence of underdevelopment and the failure of these countries to promote structural transformation, build productive capacity, and create productive employment at the national level;
14. Emphasises also UNCTAD's argument that the premature and rapid trade liberalisation that many low-income developing countries were encouraged to undertake in the 1980s and 1990s led to de-industrialisation and a form of integration that intensified their dependence on, and vulnerability to, external markets, while the countries that have benefited the most from trade liberalisation and have experienced the largest reductions in absolute poverty are those that have opened their economies moderately and gradually in line with the development of their productive capacities, and have made progress towards structural transformation;
15. Stresses that for growth and wealth creation to be inclusive, sustainable and efficient in poverty reduction, it should be pursued in sectors heavily affected by poverty and in sectors in which poor people are active; points out that 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; emphasises that development and trade policies in this area should be guided by innovation, creativity and competitiveness, with a view to creating jobs and empowering the disadvantaged;
16. Welcomes the Commission's recognition of the need to support the participation of small producers and businesses; points to the market potential of Fair Trade schemes and the efficiency of such schemes in facilitating social development;
17. Proposes that the Commission creates more momentum for sustainable public procurement at the international level;
18. Calls on the EU, its Member States and other donors to acknowledge the vital role of women for economic development, and to adapt aid efforts to empower women, socially and financially, including through targeted support for business development and access to micro-finance services specifically for women;
19. Reminds the Commission and the Member States of the EU Plan of Action on Gender Equality and Women's Empowerment in Development and the activities proposed by the Action;

20. Reiterates the EU's obligation to apply policy coherence for development and respect for, and promotion and protection of, human rights and gender equality in all its external policies, including international trade; looks forward to full implementation of the points on trade in the Action Plan attached to the EU's Strategic Framework on Human Rights and Democracy;
21. Considers 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;
22. Recalls the importance of investment aimed at creating, developing and strengthening key port, transport, energy and telecommunications infrastructure, and in particular cross-border infrastructure;
23. Urges countries in receipt of trade development aid also to mobilise their own domestic resources, including budgetary revenue through proper collection of taxes and human capital; calls on the Commission to provide support, where countries derive income from the exploitation of natural resources, for the transparent and sustainable management of these resources; 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;
24. Considers that the EU's trade and investment development aid tools, in particular the revised Generalised Scheme of Preferences and the Economic Partnership Agreements, are effective; stresses nonetheless that trade aid cannot be reduced to these instruments alone; reminds the EU of its aim for its total aid budget to be 0.7 % of GNI by 2015; urges the Commission to increase the share of its total aid budget that is allocated to technical assistance, including the field of standardisation; calls on the EU to display greater consistency in the implementation of its trade, agricultural, environmental, energy and development policies;
25. Considers it essential that European development aid through trade policies incorporate all aspects of innovation – financial as well as technological and organisational innovation – on the basis of best practices;
26. Recommends that the Commission negotiate the inclusion of actually enforceable human rights provisions in all future bilateral trade and cooperation agreements, in order genuinely to contribute to a rights-based approach to development;
27. Stresses the importance of decent wage levels and decent safety at work standards for a sustainable global trade system and new global production chains; reminds the

Commission, in this connection, of its communication ‘Promoting Decent Work for All’;

28. Hopes to see, for the sake of consistency in the policies conducted by the EU, greater collaboration between the different Commission and EEAS services, and the three institutions of the Commission, the Council and the European Parliament;
29. Considers that the criteria for evaluating development through trade and investment policies and programmes should include statistics not only on growth and trade, but also on the number of jobs created and improvements in the quality of life for people living in developing countries, in terms of human, social, cultural and environmental development;

Putting trade negotiations and agreements into a clearer development framework

30. Stresses the importance of combining trade reforms with well-designed public policies, notably social protection; stresses, more broadly, the importance of timely, and well-prepared National Development Strategies and systematic impact assessments of existing trade policy on poverty; calls on the Commission 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’ – when concluding trade and investment agreements, to ensure that these are consistent with obligations under international human rights instruments; also urges the EU to incorporate clear conditionality and clauses on human rights and democracy in all its trade agreements;
31. Stresses the importance of anchoring corporate social responsibility (CSR) in free trade agreements with developing countries in order to promote human rights and social and environmental standards; suggests including a comprehensive human rights chapter, in addition to social and environmental chapters, in all future free trade agreements;
32. Calls on the Commission to encourage governments of developing countries to conduct broad consultations including non-state and non-business actors during their trade policy-making; invites the Commission also to favour transparency during negotiations, so as to facilitate continued broad and effective involvement of stakeholders and support the pursuit of development results;
33. Calls for in-depth impact analyses, from a climate, gender and sustainability perspective, of the outcome of multilateral and bilateral trade agreements negotiated between the EU and third countries; 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;
34. Believes that benchmarks for development progress should be set in trade agreement negotiations in order to facilitate monitoring and, when necessary, modification of timetables for implementation of measures, modification of accompanying measures, which may include Aid for Trade and assistance for adjustment, and the preparation of new initiatives, when the pursuit of the development objectives so requires; highlights that providing developing countries with the legal and other expertise necessary to work

effectively within the WTO and similar organisations is essential for trade negotiations;

35. Calls on the EU to further lower trade barriers and trade-distorting subsidies in order to help developing countries increase their share of global trade; calls for the abolition of agricultural export subsidies, committed to in the WTO Doha Development Round, to be implemented at the earliest possible date;
36. Encourages the Commission to support the call by the UN special rapporteur on the right to food to put in place a system of positive incentives to encourage the import into the EU of agricultural products that comply with specified environmental, social and human rights standards, in particular by ensuring fair revenues for producers and living wages for agricultural workers;
37. Calls on the EU to always 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; points out, in particular, that the introduction of the reciprocity principle regarding public procurement can be extremely harmful for developing countries, as it will *inter alia* hamper the development of infant industries and processing; urges therefore the EU to define its policy in full respect of the ‘special and differential treatment’ granted to developing countries; reiterates too that governments and parliaments must retain the right to regulate investment, both so as to be able to discriminate in favour of investors that support the country’s development and to ensure that there are obligations and duties on all, including foreign, investors regarding compliance with labour, environmental, human rights and other standards;
38. Welcomes the inclusion of the gender aspect in the sustainability impact assessments linked to trade negotiations; calls on the Commission to take note of these assessments and ensure that the identified gender issues are indeed addressed by the policy measures accompanying the trade agreements;
39. Believes that the focus in the negotiations on Economic Partnership Agreements should be on content rather than on deadlines; states that, for agreements to lead to development, a more flexible approach is needed on the part of the EU, encouraging the diversification of ACP countries’ economies, with increased processing activities and increased regional trade;

Aid for Trade

40. 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 (LDCs) and low-income countries;
41. 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, which at the same time can help strengthen developing countries’ ties with the global markets;

42. Encourages the development of more effective support instruments in relation to production adjustment and diversification, as well as to the responsible and sustainable development of processing industries and small and medium-sized companies in developing countries;
43. Stresses that gender inequalities in relation to access to resources, such as microloans, credit, information and technology, should be taken into account when defining strategies for aid-for-trade and other relevant development aid;
44. Calls on the Commission to dispense with the requirement that ACP countries may not introduce export restrictions on raw materials, in the negotiations on Economic Partnership Agreements, as this risks increasing dependence on exports of raw materials and lessening incentives to engage in processing activities and diversify the economies of those countries; states that export restrictions can be used as a development tool so as to promote the processing of raw materials and lessen dependence on exports of unprocessed raw materials;
45. Supports the package to promote trade for small operations in developing countries announced in the Commission communication; calls on the Commission to make progress in developing this package and calls on all donors to allocate sufficient funds to implement this package specifically 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); requests regular updates on implementation of this package;
46. Notes that trade capacity is dependent on both hardware (infrastructure) and software (expertise); calls therefore for EU aid to be invested so as to promote both elements in many countries, particularly in cooperation with the least developed countries;
47. Calls on the EU to ensure that Aid for Trade promotes poverty-reducing and inclusive instruments, so its primary focus should be on the needs of small operators; stresses that Aid for Trade should be used to develop sustainable value chains with a pro-poor focus in order to enhance the goal of acquiring a sustainable supply chain;
48. Calls for the EU to focus on remedying the problems in the AfT programmes, especially with regard to implementation and monitoring capacity; calls subsequently for a shift in perspective that focuses on results and outcomes instead of inputs, but recognises the need for diligent and concerted external scrutiny that ensures open and transparent trade practices;
49. Calls for the EU to integrate the private sector in the design of AfT projects more effectively with a view to empowering companies in developing countries to boost trade;

Development and the role of the private sector

50. Considers that, in view of the transformation in the structure of international trade and of North-South trade, ownership of aid programmes by the beneficiary countries, together with transparency, accountability and sufficient resources, are crucial factors contributing

to their effectiveness and success, the aim being to reduce disparities in wealth, share prosperity and achieve regional integration; also considers it crucial that the design and monitoring of these programmes systematically involve national, regional and local institutions, as well as civil society, and provide for oversight by the donors;

51. Calls on the Commission to take better account of new challenges posed by development aid through trade, such as the differentiation of levels of development, support for local production and the diversification thereof, and the promotion of social and environmental standards;
52. Urges 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; recalls that the BRICS countries are now both aid beneficiaries and donors; calls on them to cooperate with the EU so their experience can be shared and their actions optimised, and to accept more responsibilities vis-à-vis the less developed countries and within the donor community; expresses concern at the proliferation of tied aid practices and urges the developed countries and the major emerging countries to avoid resorting to such practices;
53. Asks the Commission and all donors to seek out innovative types of development funding and partnerships; recalls, in this connection, that peer-to-peer lending can also contribute to advancing development through trade; recommends better coordination of development projects funded by regional development banks and the World Bank/International Finance Corporation, and more widespread use of interregional funding schemes such as the EU-Africa Infrastructure Trust Fund;
54. Urges the EU-based companies with production facilities in developing countries 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 in a transparent manner; calls for the implementation without exception of the right to freedom from forced labour and especially from child labour;
55. Is convinced of the potential of the private sector to function as a driving force in development and stresses that in order to realise this potential the process needs to serve local communities and generate, via the principle of inclusive fair supply chains, empowerment for all actors involved, from the producer/worker to the consumer;
56. Welcomes the fact that a broad range of industries and transnational corporations set supplier codes of conduct detailing the social and environmental performance standards for their global supply chains; recalls however that the proliferation and heterogeneity of CSR codes present challenges; notes, in particular, that owing to the heterogeneity of the CSR concept, with different companies having developed different standards on accounting, auditing and reporting, levels of CSR are hard to compare; calls once more, therefore, on the EU to strive for a clear international legal framework for the responsibilities and obligations of business with regard to human rights;

57. Calls moreover on EU-based and other companies to abide by the ten core principles of the UN's Global Compact and Guiding Principles on Business and Human Rights;
58. Calls on the Commission to include binding CSR clauses in all bilateral trade and investment agreements signed by the EU, based on the OECD Guidelines for Multinational Enterprises and including the OECD complaints procedure;
59. 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; highlights that illegal capital flight from developing countries represents between six and 8.7 per cent of their GDP and 10 times the total development assistance for these countries; calls therefore on the Commission to proactively seek further opportunities for cooperation with developing countries on this issue; calls in particular for an international convention with the purpose of eliminating harmful tax structures (on the model of a multilateral mechanism for automatic tax-information exchange) that would include sanctions both for non-cooperative jurisdictions and for financial institutions that operate within tax havens (i.e. by considering the possibility of withdrawing banking licences from financial institutions that operate with tax havens along the lines of the US Stop Tax Haven Abuse Act);
60. Urges the EU, other aid donors, partner country authorities and local and international private actors in developing countries to explore possible areas of cooperation for sustainable development in order to maximise the development output of business activities and to include civil society organisations at all levels of discussions;
61. Highlights the vital importance of promoting public-private growth initiative partnerships in EU development policies and engaging the experience, expertise and management systems of the private sector in partnership with public resources; calls for helping local authorities in European Member States with experience in, for example, building infrastructure, to twin and cooperate with local authorities in developing countries;
62. Believes 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; calls for the development agenda to focus on supporting capacity-building in developing countries aimed at creating a transparent, predictable and favourable investment climate where red tape for business is reduced to a minimum, property rights are respected, competition is promoted and sound macroeconomic policies are pursued;

Raw materials and extractive industries

63. Notes that despite 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 gems and valuable minerals, such as 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 to trade their commodities; welcomes, in this context, the Commission's plans to publish a communication on conflict minerals;

64. Calls on the EU to fully respect the right of developing countries to use export restrictions in their public interest; emphasises 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; takes 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;
65. 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 to actively encourage more producer countries to join the initiative;
66. Stresses that natural resources pose two main challenges for developed and developing countries: the environmental challenge of coping with impacts from using resources throughout their lifecycle, and the socio-political challenge of coping with human rights and poverty internationally;
67. Strongly supports the legislative proposal for country-by-country reporting as part of the revision of the Accounting and Transparency Directive, in order to discourage corruption and prevent tax avoidance; calls on European extractive industries operating in developing countries to set an example in terms of social responsibility and the promotion of decent work;
68. Points out that the governance problem in the resource sector has been addressed almost entirely by voluntary initiatives, the most prominent being the Extractive Industries Transparency Initiative that attempts to improve information transparency; observes, however, that although necessary, EITI is not sufficient to address the wider problem of corruption and bribery in the extractive sector; notes also that the UN Framework on Business and Human Rights (protect, respect, access to remedy) is not yet specific with regard to extractive industries and resources; in this respect, takes the view that there is a need to add specific provisions on extractive industries to the UN Framework on Business and Human Rights and that a first step might be to appoint a UN Human Rights Council special rapporteur on that issue, with a mandate to assess and develop recommendations;
69. Takes the view that standards for transparency and certification need to be enlarged over time to fully address bribery and corruption in the extractive sector and beyond; calls, more broadly, on the EU to support stronger governance mechanisms to address the environmental and human rights dimensions of resource exploitation; takes the view, in particular, that an international convention for sustainable resource management is essential to lay down fundamental legal principles for sustainable resource management;
70. Stresses that sustainable mining requires approaches that address the whole lifecycle of resources; points out that the complexity of global supply chains hinders transparency; takes the view, therefore, that existing transparency initiatives should be accompanied by certification efforts in the form of product labelling along mineral supply chains;
71. Demands that private actors involved in trade with or refinement of products from extractive industries take steps to ensure the regular, thorough and strict follow-up of CSR principles along the supply chain;

72. Calls on the Commission and the EEAS to build on the recently ratified Dodd-Frank Act by the US Securities Exchange Commission requiring resource extraction issuers to disclose certain payments made to governments; encourages the Commission to extend reporting requirements for extractive industries to other industries and to look at whether the disclosures should be independently audited;
73. Takes the view that bilateral trade and investment policies should refer to common principles such as those provided by the Natural Resource Charter; considers, in line with due diligence supply chain efforts, that this could be accompanied by sectoral provisions in areas relating to smelters and refineries and metal and recycling industries;
74. Points out that the EU's attempts to ban or curb the use of export taxes on raw materials goes against the objective of enabling countries to generate sufficient public revenue to meet MDGs and, more broadly, to secure endogenous development; urges the EU to acknowledge that export restrictions can be a component of some countries' development strategies or be justified for environmental protection reasons;

Food security and biofuels

75. Urges the EU and all other donors not to facilitate or contribute to the reassignment of fertile land in food-insecure countries and regions to purposes other than food production and to establish good practice approaches to land and resource management for biofuels and other cash crops;
76. 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; believes that research and innovation, supported by pro-active policies in developed as well as in developing countries, can help reduce the contradiction between food security and energy interests;

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77. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

Use of trade policy to attain development objectives

Trade is one of the most important policy areas from the point of view of the EU's Policy Coherence for Development (PCD). Provided that they are used in the right way, trade policy instruments can have substantial impact on development in poor countries. The EU's trade policy towards developing countries must take as its principal aim to serve and enhance the results of our aid policy. Promoting development in the world, including by means other than aid, upholds the EU's fundamental values and complies with its Treaty obligations.

In order to serve development objectives more effectively, the EU's trade policy needs to be geared towards producing positive knock-on effects in local, national and regional economies, promoting diversification of developing countries' economies and encouraging steps towards more advanced and income-yielding production. There is a danger that customs tariffs on processed goods which exceed those on raw materials may help to consign developing countries to the role merely of exporters of raw materials.

Impact of EU trade policy on developing countries

It is important to stress the responsibility borne by the rich countries and by the EU in the global economy. We have a moral duty to help reduce poverty and suffering in the world. One way to do this effectively is by formulating trade agreements that enable developing countries to participate properly in the international economy and to benefit from the advantages of globalisation.

There cannot be any room for protectionism on the part of the EU or individual EU Member States when it comes to our trade relations with developing countries. The EU too should be ready to make certain sacrifices – just as we are required to when we conclude trade agreements with other trading partners.

Development of the private sector, building trade capacity, Aid for Trade, good governance, fighting corruption, and effective use of budget appropriations

Since it was launched in 2005, the concept of Aid for Trade has made headway. The WTO estimates that for each aid dollar invested in a developing country's trade capacity, the country's exports increase on average by \$42. Trade capacity is dependent on both hardware (infrastructure) and software (expertise), and we need to invest our aid so as to promote both elements in many countries, particularly in cooperation with the least developed countries (LDCs).

Good governance is of key importance for a country's ability to develop and benefit from trade. As we know, pervasive corruption hampers a society's development at all levels. The EU can and must promote good governance by means of its trade policy by not turning a blind eye to corrupt systems: rather, it should insist on transparency and correct procedures before cooperation is initiated.

Genuine change in a country must come from within and be built from below, in the case of both social and economic development. Targeted aid to facilitate and promote the growth of small and medium-sized enterprises in developing countries is important.

EU-based and other international undertakings' activities in developing countries and their Corporate Social Responsibility (CSR)

Politicians can do much by formulating international trade agreements, but a large responsibility also rests with our undertakings. Multinational undertakings often have a big impact on the society and environment in developing countries, and they are responsible for what kind of impact they have on the local society: they can either help or hinder development.

Decent wages, reasonable, healthy working conditions, and the opportunity to start or join a trade union are absolute minimum standards that European undertakings must uphold for their employees in developing countries. But in many cases, large undertakings can assume greater responsibility for their employees than by merely complying strictly with minimum requirements. There are plenty of good examples that really ought to be acknowledged as significant, and we should investigate the scope for cooperation between businesses and formal aid donors in these fields.

17.1.2013

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE (*)

for the Committee on Development

on advancing development through trade
(2012/2224(INI))

Rapporteur (*): Tokia Saïfi

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

SUGGESTIONS

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

1. 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 (LDCs) and low-income countries;
2. Considers that, in view of the transformation in the structure of international trade and of North-South trade, ownership of aid programmes by the beneficiary countries, together with transparency, accountability and sufficient resources, are crucial factors contributing to their effectiveness and success, the aim being to reduce disparities in wealth, share prosperity and achieve regional integration; also considers it crucial that the design and monitoring of these programmes systematically involve national, regional and local institutions, as well as civil society and provide for oversight by the donors;
3. Calls on the Commission to take better account of new challenges posed by development aid through trade, such as the differentiation of levels of development, support for local production and the diversification thereof, and the promotion of social and environmental standards;
4. Encourages developing countries to incorporate the goal of sustainable economic development into all their national policies, strategies and initiatives, with a view to diversifying their economies; asks the Commission to work on building up governments' capacity to incorporate sustainable economic development into their national trade strategies and programmes;

5. Considers that sustainable economic development strategies should, among other things, provide for:
 - participation of the private sector in the real economy;
 - regional cohesion and integration of markets through cross-border cooperation;
 - the development of open and fair trade, embedded in a rules-based multilateral trade framework;
6. Recalls the importance of investment aimed at creating, developing and strengthening key port, transport, energy and telecommunications infrastructure, and in particular cross-border infrastructure;
7. Urges countries in receipt of trade development aid also to mobilise their own domestic resources, including budgetary revenue through proper collection of taxes and human capital; calls on the Commission to provide support, where countries derive income from the exploitation of natural resources, for the transparent and sustainable management of these resources; 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;
8. Considers that the EU's trade and investment development aid tools, in particular the revised Generalised Scheme of Preferences and the economic partnership agreements, are effective; stresses nonetheless that trade aid cannot be reduced to these instruments alone; reminds the EU of its aim for its total aid budget to be 0.7 % of GNI by 2015; urges the Commission to increase the share of its total aid budget that is allocated to technical assistance, including the field of standardisation; calls on the EU to display greater consistency in the implementation of its trade, agricultural, environmental, energy and development policies;
9. Considers it essential that European development aid through trade policies incorporate all aspects of innovation – financial as well as technological and organisational innovation – on the basis of best practices;
10. Recommends that the Commission negotiate the inclusion of actually enforceable human rights provisions in all future bilateral trade and cooperation agreements, in order genuinely to contribute to a rights-based approach to development;
11. Stresses the importance of decent wage levels and decent safety at work standards for a sustainable global trade system and new global production chains; reminds the Commission, in this connection, of its communication 'Promoting Decent Work for All';
12. Urges 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; recalls that the BRICS countries are now both aid beneficiaries and donors; calls on them to cooperate with the EU so their experience can be shared and their actions optimised, and to accept more responsibilities vis-à-vis the less developed countries and

within the donor community; expresses concern at the proliferation of tied aid practices and urges the developed countries and the major emerging countries to avoid resorting to such practices;

13. Hopes to see, for the sake of consistency in the policies conducted by the EU, greater collaboration between the different Commission and EEAS services, and the three institutions of the Commission, the Council and the European Parliament;
14. Emphasises that, given the size of their share of international trade, European companies, their subsidiaries and subcontractors play a key role in the promotion and dissemination of social and labour standards worldwide; considers that European companies which relocate their production to countries with less stringent social obligations should be held liable, including before European courts, for any damage and negative externalities affecting local populations;
15. Urges the Commission to improve coherence between its trade policy and its development objectives, ensuring that provisions contained in trade agreements with developing countries do not hinder access for all to water, land and other essential natural resources, do not impede the development of public services and local SMEs' access to public procurement opportunities;
16. Asks the Commission and all donors to seek out innovative types of development funding and partnerships; recalls, in this connection, that public-private partnerships, microcredits, profits from financial transaction taxes and peer-to-peer lending can also contribute to advancing development through trade; supports, inter alia, the establishment of South-South and three-way partnerships; recommends better coordination of development projects funded by regional development banks and the World Bank/International Finance Corporation, and more widespread use of interregional funding schemes such as the EU-Africa Infrastructure Trust Fund; recommends encouraging recipient countries to establish fair, transparent and comprehensive national tax systems in order to ensure a sustainable source of financial resources;
17. Considers that the criteria for evaluating development through trade and investment policies and programmes should include statistics not only on growth and trade, but also on the number of jobs created and improvements in the quality of life for people living in developing countries, in terms of human, social, cultural and environmental development.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	23.1.2013
Result of final vote	+: 20 -: 1 0: 8
Members present for the final vote	William (The Earl of) Dartmouth, Maria Badia i Cutchet, Nora Berra, Daniel Caspary, George Sabin Cutaş, Christofer Fjellner, Yannick Jadot, Metin Kazak, Franziska Keller, Bernd Lange, Vital Moreira, Paul Murphy, Franck Proust, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Henri Weber, Iuliu Winkler, Jan Zahradil, Paweł Zalewski
Substitute(s) present for the final vote	Josefa Andrés Barea, Catherine Bearder, Emma McClarkin, Marietje Schaake
Substitute(s) under Rule 187(2) present for the final vote	Monika Hohlmeier, Peter Skinner, Nuno Teixeira, Sabine Verheyen

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	19.2.2013
Result of final vote	+: 25 -: 3 0: 0
Members present for the final vote	Thijs Berman, Michael Cashman, Ricardo Cortés Lastra, Véronique De Keyser, Nirj Deva, Leonidas Donskis, Charles Goerens, Mikael Gustafsson, Filip Kaczmarek, Michał Tomasz Kamiński, Miguel Angel Martínez Martínez, Gay Mitchell, Norbert Neuser, Jean Roatta, Birgit Schnieber-Jastram, Michèle Striffler, Alf Svensson, Keith Taylor, Eleni Theocharous, Patrice Tirolien, Anna Záborská
Substitute(s) present for the final vote	Philippe Boulland, Agustín Díaz de Mera García Consuegra, Enrique Guerrero Salom, Isabella Lövin, Gesine Meissner, Judith Sargentini
Substitute(s) under Rule 187(2) present for the final vote	George Lyon