

EU Trade Policy Public Consultation July 2010

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Q1. Now that the new Lisbon Treaty has entered into force, how can we best ensure that our future trade policy is coherent with the EU's external action as a whole and notably in relation to the EU's neighbouring countries?

The emphasis in the Lisbon Treaty on Policy coherence for development is welcomed. Trade policy can either support or undermine other development objectives such as migration, economic development, poverty reduction and security. Growth in the EU single market at the expense of political, environmental, social and economic stability in third countries will cost the EU more in the long term in its budget of its external actions, than it will gain through increased market access in the short term.
>Impact assessments must be taken into account and should form the basis of negotiating mandates, rather than be disregarded, as has been the case. It is important that negotiation positions are analyzed on a case by case basis and that the principle of trade liberalisation is not applied across the board regardless.

Increased coordination between DGs is central to ensuring coherence.

>There should be an institutionalized mechanism within DG trade for regular consultation to correlate its policy positions against the respective development objectives of other DGs.

>For trade negotiation areas in which DG Trade does not have competency, e.g. EU agriculture or fisheries, there still needs to be a DG Trade official responsible for ensuring the coherence with development objectives in the negotiating position.

>The new role of the European Parliament in the decision making process should be maximized. Parliamentarians often have a broader overview of EU policy and should therefore be given a role in monitoring Trade policy's coherence with Development.

Q2. Given the importance of boosting growth, creating more jobs and ensuring a more resource efficient and greener economy, how can EU trade policy help? What should the new trade priorities be in the light of the Europe 2020 strategy?

The economy and environment of the EU is interdependent on the economic and environmental conditions of countries globally. EU business practice overseas should reflect the ambition for the EU economy. The Commission must ensure it prioritizes job creation, the prevention and mitigation of climate change, the protection of the environment and increased equality, including gender equality, in its quest for growth in the EU and abroad.

>Now that DG Trade has increased competence over negotiating investment, it should work together with DG internal market to see through the Commission proposal to develop an EU resource efficient and green investment code that also applies to EU investments overseas, overseen by a European Monitoring Platform.

>Regulating business practices should be seen as a practical means to achieve DG Trade's priorities. Although some enlightened businesses do prioritise sustainable growth and investment, these are still a minority. Pro-poor business practices such as the voluntary principles of the UN Global Compact can be incorporated into investment chapters of bilateral trade agreements to ensure that EU business practices achieve DG trade's priorities.

>The EU should be concerned with the efficiency of resources and green credentials of the goods and inputs imported into the EU. Promoting initiatives such as Fair Trade in government procurement will make a significant contribution see COM(2009) 215 Final for EC's official recognition of Fair Trade's contribution to sustainable development.

Q3. In addition to continuing to push for a successful conclusion to the Doha Round, how can the EU best pursue overall EU trade policy objectives in the WTO?

>Ensure that the public has access to information regarding trade negotiations.

>Ensure consultation with all parts of society is conducted in a transparent way.

> A successful conclusion of the WTO should be redefined as a development oriented outcome that takes development objectives of the smallest countries into account, not just one that meets EU policy objectives.

> Support the cotton initiatives of the C4 group of countries and a speedy conclusion of the cotton initiative, outside of the single undertaking if needs be. Increasing the ability of the C4 to trade and participate in the global economy is an EU trade policy objective, and the EU cannot achieve this alone.

>Drastically reduce the trade distorting aspects of the CAP (direct payments) which are so harmful to developing country farmers.

> Reform of the WTO institution is necessary to ensure the global trade rules are made reflecting the concerns of the smallest economies in the WTO, not only the large economies. The EU should actively look for support in the WTO membership to open a dialogue on reforming the anachronistic institution's litigation and negotiation procedures that do not reflect EU trade policy objectives of development through trade.

> Direct aid for trade towards the most marginalized so that the benefits of trade can reach the poorest and lead to job creation and poverty reduction. COM(2010) 127 March 2010 recognises the need to support small producers to develop and enhance local and regional markets. EU trade policy development objectives will not be reached unless the poorest that are currently excluded from trade can physically access the EU's liberalized markets.

>Supporting initiatives such as Fair Trade will help achieve this objective, as support is provided for farmers to comply with SPS standards, to act as business people by supporting the contract negotiation process with EU retailers and importers, providing market information and pre-financing to farmers, and assistance to diversify the product range. Critically, participating farmers are responsible for re-investing profits into the social and economic development of their entire community.

Q4. Do our current FTA negotiations provide the right geographic and substantive focus for our bilateral trade relationships in the context of the Europe 2020 strategy?

The substantive focus should be determined by the level of development and development priorities of the FTA partner, and the impact assessments of trade liberalization to ensure policy coherence with development.

Q5. Should the EU now try for closer economic integration and cooperation with such partners (as the US, Japan, China & Russia)? What is the best way to further facilitate trade and investment, overcoming regulatory differences that may have the effect of barriers to trade and deepening our trade relationships with these important economies?

Q6. How can the EU improve the effectiveness of regulatory dialogues? How can the EU promote the establishment of and greater recourse to international standards without compromising legitimate public policy choices?

Q7. How can the EU, and in particular trade policy, help to secure a reliable and sustainable supply of raw materials by third countries?

>Pursue international negotiations on resource governance.

>EU trade policy can be based on principles of sustainability embedded in its investment policy and by leading through example in its trade practices. DG trade cannot separate itself from the practices of the trading companies.

>The EU should prioritise the social and environmental sustainability of trade in raw materials. To do this the EU should not view national regulations and tax policies in third countries as barriers to be eliminated.

>It must support developing countries to be able to benefit as fully as possible from their resources, including by allowing export taxes and supporting the development of value addition, whilst at the same time promoting environmental sustainability. This is likely to entail a mix of policies and must be considered on a country by country basis.

Q8. Should the EU aim for more trade in services, and if so, how? Multilateral and bilateral negotiations have only partially succeeded in opening trade in services so far, would a renewed focus on trade in services among key trading partners offer a useful alternative avenue?

>Fully implement the single market in services in Europe, thereby providing meaningful access for developing countries with fewer country exemptions.

>Offer meaningful access on mode IV to developing countries including by easing the restriction on access for business visitors.

>Facilitate EU wide mutual recognition agreements for all professional services, not just highly skilled professions.

>Implement circular migration policies (Communication EC 2005a and b, and UK House of commons 2004).

>Ensure that if developing countries want to engage with the EC, services negotiations are adapted to the national priorities of developing country governments, e.g. by not pursuing a single services and investment format if governments have weak investment laws governing establishment, and by allowing governments to pursue national development objectives in the services sector. EC negotiating positions on services should not undermine the development priorities of developing countries, but support development of key sectors if necessary. Key trading partners should be identified in terms of the EU's comparative advantage in trade in services on a LEVEL playing field, not where there is an absolute advantage because the sector in a developing country for example has not been developed.

Q9. Given that the Lisbon Treaty gives the EU greater competences in international investment policy, how should we contribute to facilitating cross-border direct investment (both outward and inward)? What are the key issues to be addressed in agreements governing investment?

The EU's greater competency on international investment policy presents a good chance to remedy many of the problems with the hundreds of bilateral investment treaties (BITs) that EU member states are currently party to. Many BITs are vaguely worded, encouraging sweeping interpretations of the clauses in favour of investors, and often reducing the ability of host states to regulate in the public interest. Further, their investor-state dispute settlement procedures fall so far short of accepted standards of procedural fairness and transparency that they need to be abolished.

We support a greater balance in the rights and responsibilities of investors and public authorities in international investment agreements, and increased international cooperation to tackle anti-competitive impacts of FDI and tackling excessive tax avoidance.

Q.10 How can trade policy best support green and inclusive growth around the globe including through Sustainability Impact Assessments?

- >Regulate markets in the interests of environmental and social sustainability.
- >Ensure trade policies do not undermine core labour standards.
- >Ensure resource efficient trade flows to reduce energy consumption.
- >Incorporate the carbon and social costs of trade when assessing impact.
- >Promote green technology transfer to developing countries.

Q.11 Given the forthcoming revision of the CAP and the continuing need to foster a sustainable agricultural sector in Europe, how should EU trade policy develop in this area consistently with overall objectives of the Lisbon treaty?

EU agricultural support can foster a sustainable agricultural sector in Europe. However, currently, forests are being cleared and communities forced from their homes in South America so that big business can grow animal feed on vast plantations for the EU farmers. Factory farming of meat and dairy in the EU is wiping out rainforests and wildlife and increasing the climate change damage.

- >Agricultural support should be targeted at supporting good food, thriving farms and a healthy planet. This can be done by meeting the two priority areas of the Lisbon Treaty of Smart Growth and Sustainable Growth through; stopping using CAP money to fund big business-led factory farms, and instead supporting homegrown animal feeds and low-impact meat and dairy production.

Q12 How can EU trade policy ensure that the benefits of global value chains are shared by European producers, consumers and jobholders?

Q13 Are existing ‘flanking policies’ sufficient to ensure that the benefits of trade are shared among different people and across different regions and markets in the EU? And how can the EU best ensure, where necessary, that trade and other policies play their part in helping people, sectors and communities adjust?

Q14 How can the EU best strengthen the issue of trade and development in its trade policy? Should the EU pursue a more differentiated approach in its trade relations to reflect the level of development of particular partners? How should the EU approach the issue of trade preferences in relation to the generally low level of EU Most Favoured Nation tariffs, which will further be eroded following the possible conclusion of the Doha round?

>Yes the level of development needs to be reflected in trade relations, but other indicators such as vulnerability (GSP+ definition) and levels of income inequality also need to be taken into account; e.g. despite India having recent growth rates to rival that of China, according to the Asian Development Bank, India has the largest number of poor people of any one country in the world, and nearly ¾ of the population living on less than a dollar a day. Any trade deal must take this into account.

> ACP countries have repeatedly asked for preservation of trade preferences, while other non-ACP developing and least developed countries demand preferential treatment. It is a difficult situation, and there is not a single solution. Currently, the rapid conclusion of bilateral trade agreements has been a greater threat than the possibility of multilateral tariff cuts. Each negotiation should take the countries concerned with preference erosion into account – to discuss which products remain national priorities, how the EU can assist with building competitiveness and diversification, and consider the role of the specific products in the economy of those countries, and the impact of maintaining preferences or not.

>Trade liberalisation does not automatically lead to employment creation and poverty reduction, and this basic assumption underlying EU trade policy should be challenged. We call on the Commission to explicitly explain in the EU 2020 strategy how the EC has measured the proposed strategy against the overall EU Treaty objectives (art 3.5) in particular, how it has taken the impact of the strategy on small producers into account.

>The Fair Trade movement has been working for decades to ensure that marginalized producers and workers in the developing countries can trade their way out of poverty. The Fair Trade principles are aligned with the sustainable development and poverty reduction objectives laid down in Article 3.5 of the Lisbon Treaty. The new trade strategy should explicitly recognize that Fair Trade initiatives also work to achieve the new EU Treaty obligation to make trade fairer.

Q15. What initiatives could the EU take and which EU trade policy instruments could we mobilize to complement and reinforce the ‘smart’ dimension of the Europe 2020 strategy and facilitate trade in high-tech goods and services?

Q16. How can the EU best safeguard its firms or interests against trading partners who do not play by the rules? Are the existing tools and priorities sufficient to address unfair competition from third countries?

Q17. How can the EU best safeguard its firms or interests against major trading partners who maintain an asymmetric level of openness and resort to protectionist measures? Are the existing tools and priorities sufficient to address practices such as keeping EU suppliers out of government procurement markets, market access restrictions, restricted and insecure access to energy and raw materials?

EU trade partners should be allowed the policy space to put in place policies in line with their own development objectives. EU raw material strategy should not restrict countries' possibility to exert sovereignty over their natural resources. The EC should not consider such measures as barriers to trade unless the contrary is proven by the WTO dispute settlement mechanism. Government procurement that gives national firms opportunities to supply goods and services can have positive development impacts and should not be challenged in trade negotiations with developing countries.

Q18. What else can EU trade policy do to further improve the protection of IPR in key markets?

Q19. What more should the commission do to ensure that trade policy becomes more transparent and to ensure that a wide variety of views and opinions is heard in the policy-making process?

Co-decision making with the European Parliament will necessitate public support at the national levels to ensure parliamentary support. To date, parliamentarians have been more open to civil society dialogue than DG Trade, and are therefore more aware of the social and economic development impacts of trade agreement with developing countries than DG Trade. DG trade focuses on EU business as the major stakeholder in negotiations with developing countries to the exclusion of development priorities in some cases.

>DG trade can strengthen trade and development in its trade policy by having an open dialogue with civil society, rather than defending the position of EU business in every case.

>DG Trade can listen to the development priorities of the developing countries and adjust negotiating positions accordingly.

Q20. Are there additional priorities in relation to trade policy that the Commission should pursue?

>As requested by the EP resolution on Fair Trade and Development (Fair Trade and Development A6-0207/2006) the EC should undertake a study to examine how Fair Trade could develop into a model for sustainable EC trade policy. The resolution also called on the EC to "establish a contact point within its structure that shall ensure regular coordination on Fair Trade issues between its different services." We ask the EU trade commissioner to ensure that DG Trade becomes a strong focal point on Fair Trade issues in the EC.

>The Lisbon Treaty commitment to Policy Coherence for Development is critical to ensure that any growth resulting from liberalisation benefits the poor. In this regard, EU business practices when engaging with producers and manufacturers in developing countries are critical. The external dimension of the single market should be followed closely by DG Trade, see DG Internal Market, 'Retail Market Monitoring Report' (Com(2010)355 final). The coherence with the development objectives of EU trade policy should be maintained, in particular regarding the push for increased market access by EU firms and with regard to government procurement. Furthermore, DG Internal Market's Communication 'A better functioning of the food supply chain in Europe' (COM(2009) 591 final) documents unfair contractual practices and concludes that "The Commission considers that action is needed to eliminate unfair contractual practices between business actors all along the food supply chain." We urge DG Trade to extend this action to business actors outside of the EU, to ensure that the benefits of trade reach farmers in developing countries.