

EUROPEAN PARLIAMENT

2004



2009

Session document

FINAL
A6-0179/2006

10.5.2006

REPORT

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

Committee on International Trade

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

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

The European Parliament,

- having regard to its resolution of 25 October 2001 on openness and democracy in international trade¹, of 13 December 2001 on the WTO meeting in Qatar², of 3 September 2002 on trade and development for poverty eradication³, of 30 January 2003 on world hunger and the elimination of barriers to trade with the poorest countries⁴, of 12 February 2003 on the WTO agricultural trade negotiations⁵, of 15 May 2003 on capacity-building in the developing countries⁶, of 3 July 2003 on preparations for the 5th World Trade Organization Ministerial Conference (Cancún, Mexico, 10-14 September 2003)⁷, of 4 September 2003 on the Communication from the Commission to the Council and the European Parliament on Trade and Development - Assisting developing countries to benefit from trade⁸, of 25 September 2003 on the Fifth WTO Ministerial Conference in Cancún⁹, of 24 February 2005 on action against hunger and poverty¹⁰, of 12 May 2005 on the assessment of the Doha Round following the WTO General Council Decision of 1 August 2004¹¹, of 6 July 2005 on the Global Call to Action: Making Poverty History¹², of 1 December 2005 on the preparations for the Sixth Ministerial Conference of the WTO in Hong Kong¹³,
- having regard to its position of 9 March 2005 on the proposal for a Council regulation applying a scheme of generalised tariff preferences¹⁴ and of 1 December 2005 on the proposal for a regulation of the European Parliament and of the Council on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems¹⁵,
- having regard to Council Regulation (EC) No. 980/2005 of 27 June applying a scheme of generalised tariff preferences¹⁶,

¹ OJ C 112 E, 9.5.2002, p. 326.

² OJ C 177 E, 25.7.2002, p. 290.

³ OJ C 272 E, 13.11.2003, p. 277.

⁴ OJ C 39 E, 13.2.2004, p. 79.

⁵ OJ C 43 E, 19.2.2004, p. 248.

⁶ OJ C 67 E, 17.3.2004, p. 255.

⁷ OJ C 74 E, 24.3.2004, p. 861.

⁸ OJ C 76 E, 25.3.2004, p. 435.

⁹ OJ C 77 E, 26.3.2004, p. 393.

¹⁰ OJ C 304 E, 1.12.2005, p. 277.

¹¹ OJ C 92 E, 20.4.2006, p. 397.

¹² P6_TA(2005)0289.

¹³ P6_TA(2005)0461.

¹⁴ OJ C 320 E, 15.12.2005, p. 145.

¹⁵ P6_TA(2005)0454.

¹⁶ Council Regulation (EC) No 980/2005 of 27 June 2005 (OJ L 169, 30.6.2005, p.1).

- having regard to the Communications from the Commission "Speeding up progress towards the Millennium Development Goals - The European Union's contribution" (COM(2005)0132), "Accelerating progress towards achieving the Millennium Development Goals - Financing for Development and Aid Effectiveness" (COM(2005)0133) and "Policy Coherence for Development - Accelerating progress towards attaining the Millennium Development Goals (COM(2005)0134) of 12 April 2005,
- having regard to the Final Declarations of the Parliamentary Conference on the WTO of 12 and 15 December 2005 and of 24-26 November 2004,
- having regard to the Ministerial Declaration of the Sixth Session of the WTO Ministerial Conference, adopted on 18 December 2006 in Hong Kong,
- having regard to the Decision adopted by the WTO General Council on 1 August 2004,
- having regard to the Ministerial Declaration of the Fourth Session of the WTO Ministerial Conference, adopted on 14 November 2001 in Doha,
- having regard to the Sutherland Report on the future of the WTO,
- having regard to the United Nations Millennium Declaration of 8 September 2000, which sets out the Millennium Development Goals (MDGs) as criteria collectively established by the international community for the elimination of poverty,
- having regard to the "The Millennium Development Goals - Report 2005" of the United Nations,
- having regard to the United Nations 2005 World Summit Outcome,
- having regard to the report by the UN Millennium Project Task Force headed by Professor Jeffrey Sachs entitled "Investing in Development: a practical plan to achieve the Millennium Development Goals",
- having regard to United Nations resolutions A/RES/46/121, A/RES/47/134, A/RES/49/179, A/RES/47/196 and A/RES/50/107,
- having regard to the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), adopted in 1979 by the UN General Assembly, and the Optional Protocol thereto,
- having regard to the Gleneagles Communiqué, released on 8 July 2005 by the Group of Eight in Gleneagles,
- having regard to the Report of the United Nations Conference on Trade and Development (UNCTAD) - Least Developed Countries 2002: Escaping the Poverty Trap,
- having regard to the Economic Report on Africa 2004 entitled "Unlocking Africa's Trade Potential" by the UN Economic Commission for Africa,

- having regard to the "Quintet against Hunger" formed at the World Summit for Action Against Hunger, which led to the Global Call for Action against Poverty launched by President Lula of Brazil at the World Social Forum in January 2005,
 - having regard to the New York Declaration on Action against Hunger and Poverty of 20 September 2004, signed by 111 national governments, including all the EU Member States,
 - having regard to the World Food Summit's pledge in 1996 to reduce the number of hungry people by half by the year 2015,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade and the opinions of the Committee on Development and the Committee on Women's Rights and Gender Equality (A6-0179/2006),
- A. whereas combating poverty constitutes an absolute priority,
 - B. whereas the link between trade on one hand and the eradication of poverty and development on the other is extremely complex and depends on particular circumstances which very often have to do with many factors, such as the size of the domestic market, the natural resources endowments, distances and physical conditions, but in particular with the relevance of domestic policies interacting correctly or not with external trade,
 - C. whereas trade is a tool for development and poverty eradication, but over one billion people across the globe mainly concentrated in the least developed countries still struggle in extreme poverty on less than 1\$ a day and between 1.5 and 3 billion people live below the 2\$ a day poverty line, and whereas these numbers have continued to rise rather than fall over the last few years, although economic growth in China and India has delivered a dramatic reduction in the number of poor so that the proportion of people living in extreme poverty on less than \$1 a day has dropped by almost half since 1981, from 40 percent to 21 percent of the global population,
 - D. whereas poverty eradication requires democratic participation and changes in economic structures in order to ensure a more equitable distribution of wealth,
 - E. whereas poverty is defined as "a human condition, characterized by the sustained or chronic deprivation of resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights",
 - F. whereas gross domestic product (GDP) per capita in all developing countries rose by 30 percent during the last 25 years but the difference in per capita income between the world's poorest and richest countries has more than doubled over the same period,
 - G. whereas the high population growth rates in developing countries mean that the rates of economic growth that are being achieved are, in many cases, not sufficient to yield GDP per capita growth rates that will make a major dent in poverty in a number of LDCs,

- H. whereas civil peace is a necessary condition for a virtuous trade-poverty relationship; whereas good governance, including good management of the revenues from natural resources, is essential for civil peace; whereas an export specialization in some products, notably diamonds, oil, timber and narcotic crops is associated with higher conflict risk; whereas sixty per cent of LDCs have experienced, in the last 15 years, civil conflict of varying intensity and duration that, in most cases, erupted after a period of economic stagnation and regression leaving long-term negative consequences for national and regional economic growth,
- I. whereas the poorest countries' share in world trade has fallen back over the last decade and their dependence on low-value-added products with substantial price fluctuations has increased,
- J. whereas the imbalance world-wide between the speed of liberalisation and social and environmental rules is widening the gap between rich and poor both in industrialised and in developing countries and is challenging the building of the European Union as a space of social cohesion, sustainable development and industrialisation,
- K. whereas there is a need for a fair multilateral trade system designed to eradicate poverty, provide full employment, strengthen democracy and promote sustainable development; whereas this system must be based on properly targeted and balanced rules, which are vital to enable the poorest countries to participate more effectively in international trade, diversify their economies, and meet the challenges of globalisation, while ensuring that its benefits are fairly distributed,
- L. whereas the so-called 'developing' countries are a disparate group of States whose socio-economic situation, production structures and export capacity differ substantially; whereas, when it comes to the ability of these countries to win new markets at world level in a liberalised environment, the balance is therefore weighted in favour of the emerging powers, to the detriment of the more fragile countries, particularly those in sub-Saharan Africa,
- M. whereas European trade policy towards third countries, which places the emphasis on a differentiated approach to trade under the trade preference system, enables the poorest countries to enjoy specific and advantageous export conditions (lower than normal customs duties, duty-free or reduced rate export quotas, etc.); whereas the global abolition of customs barriers, which is standardising conditions for access to Community markets, is threatening the ability of the most fragile countries to compete on an equal footing with powerful exporter countries and thus from overcoming their backwardness in terms of development,
- N. whereas according to a report of the World Bank, the United Nations Environment Programme and the United Nations Development Programme: "Three-fourths of the poor in the world live in the rural areas, their environment is all they can depend on",
- O. whereas agriculture provides employment and livelihoods for more than 60% of the labour force in LCDs, though it is at the same time the most distorted sector, and whereas market access for agricultural products is one of the key questions for poverty reduction,

- P. whereas access to natural resources such as water and land or energy and to basic services such as medicines, health and education and to essential goods such as medicines is difficult for the poor,
- Q. whereas over the last 30 years chronic famine and child labour have been halved in the developing countries, life expectancy has increased from 46 to 64 years and infant mortality has fallen from 18% to 8%; whereas today, 70% of the population in the developing countries have access to clean drinking water, as compared with 45% in 1980,
- R. whereas the lives and livelihoods of most people in most LDCs are not directly linked to the international economy and there is a strong likelihood that export-led growth could lead to "enclave-led growth" in countries exporting manufactured goods, minerals and oil, which is particularly evident in agriculture-exporting LDCs where the benefits from trade in commodities and agricultural products decline for producers and grow for retailers; whereas economic growth requires not simply export expansion, but also an inclusive, economy-wide expansion of income-earning opportunities, notably the strengthening of the development links between agricultural and non-agricultural activities,
- S. whereas, in order to compete with world farm prices, the poorest countries on the planet are encouraged to concentrate on a limited number of products, intended solely for export; whereas the resulting development of monocultures is accompanied by the abandonment of the traditional food crops necessary to feed local populations and a growing dependence on imports of basic products and on uncontrollable fluctuations in world markets,
- T. whereas for the poor countries the value of exporting their products to world markets depends on maintaining remunerative prices, particularly in the developed countries; whereas the current trend towards abolishing customs barriers is producing an inevitable fall in prices on these markets, threatening the development prospects of the world's poorest countries,
- U. whereas according to a study based on the data of the World Bank, the International Monetary Fund (IMF) and the UN, trade liberalisation has cost sub-Saharan Africa USD 272 billion over the past 20 years; whereas mass poverty reinforces the tendency towards economic stagnation and many countries in the region are undertaking very ambitious economic reforms in order to lift themselves out of such poverty; whereas the expertise and assistance of the international community is essential in this regard,
- V. whereas attaining the MDGs and combating global poverty will require a trade environment in which developing countries have real access to the markets of developed countries, more equitable trade practices, strong and enforced rules of protection on the environment and social rights, the effective relief of unsustainable debt, and for all donors to increase not so much the amount, but the effectiveness of aid, linking it to programmes to reform economic and social structures and improve democratic governance,
- W. whereas increasing the volume of exports by the poor countries is a necessary condition for their development, but not sufficient in itself; whereas, while this helps to increase the

amount of wealth produced, it does not automatically guarantee an improvement in the social conditions experienced by local populations working in the production sector,

- X. whereas external trade can be an important tool for social and economic development when countries are able to protect their markets at the first stage and to gradually open their markets at the next stage when they have a strong institutional framework and clear social and environmental rules; whereas African LDCs have undertaken deeper and faster liberalisation than LDCs in Asia and it is the latter that have generally had a better performance in terms of poverty reduction and have also been more successful in developing more market-dynamic manufacturing exports, partly through regional trade and investment links,
- Y. whereas external trade is an important tool for social and economic development; whereas studies based on data from sources such as the IMF, the World Bank and the UN point to a direct link between a country's economic freedom and its prosperity,
- Z. whereas liberalisation reduces or eliminates existing distortions and provides an incentive for increased investment, technology transfer and, through increased competition, economic efficiency; whereas doing away with trade barriers can be an important incentive for developing countries to shift their production in order to benefit from their comparative advantages of low labour costs and resource endowments,
- AA. whereas external trade can be an opportunity for poverty reduction, on condition that trade policies are carefully implemented in parallel with complementary domestic and international policies,
- BB. whereas during 1999-2001 exports and imports of goods and services constituted, on average, 51 per cent of the GDP of LDCs, which was a higher percentage than that of high-income OECD countries, which stood at 43 per cent for the same period; whereas however, in order to be sustainable, the benefits of international trade must be accompanied by investment in physical, human, social and institutional capital and complemented by entrepreneurialism, innovation and technological progress, which depends on the sustained, efficient and effective delivery of international assistance and a reduction in debt service obligations,
- CC. whereas the inclusion of the developing countries and in particular LDCs in world trade constitutes one of the main goals of the Doha Development Agenda,
- DD. whereas the promotion of environmental and social rules within the multilateral trading system, the fair integration of developing countries into the world trading system and a better-working WTO must be the important objectives and responsibilities of EU trade policy, the EU being the largest trading block of the world and the most important trading partner of developing countries,
- EE. whereas, according to recent reports issued by the Commission, almost 70% of world tariff and non tariff barriers in terms of volume concern trade between developing countries,
- FF. whereas the developing countries agreed in Marrakech to initiate negotiations on services

on condition that full flexibility would be granted with regard to the inclusion or exclusion of any service sector in or from the negotiations,

- GG. whereas the industrialised countries own 90% of all patents and whereas, in the case of pharmaceuticals, this is frequently linked to the difficulty in addressing public health problems,
- HH. whereas increased trade in services between the developed countries and the developing countries provides the opportunity for an important transfer of know-how, which may also improve access to basic services , communications and a functional banking and insurance sector,
- II. whereas 70 % of the 1.3 billion of people living in poverty are women; whereas, throughout the world, women are denied the necessary opportunities to improve their economic and social condition, such as property or inheritance rights, or access to education or jobs, while at the same time women have the added responsibility of caring for children and the household,
- JJ. whereas women in most countries do not have the same access as men to education, training, credit, technology and information, which are necessary to enable them to take advantage of the new economic opportunities arising from the expansion in international trade,
- KK. whereas the impact on women of policies to expand trade depends upon women's position within their local, regional and national economy as well as their role in the social reproduction of family welfare and care services and whereas women's employment remains the key to economic independence and has a profound impact on the position of women in society as a whole,
- LL. whereas in many developing countries women from the lowest social strata earn their living primarily from small-scale farming or by working in the textile and clothing industries producing goods for export,
- MM. whereas when women have more control over the use to which the family income is put, more is invested in their children's education and in health care and food, which helps to reduce poverty,
- NN. whereas wealth creation is vital for social progress and the EU is the world's largest exporter and the second largest importer, and its influence within the WTO through its bilateral agreements shapes the contours of international trade policy and rules;
1. Warns that the global costs of the failure of poverty eradication are enormous in terms of human suffering, instability, conflict, recurrent emergencies, international crime, the drugs trade, economic stagnation, clandestine migration and premature death,
 2. Considers that trade can help to create concrete opportunities for developing countries and in particular for LDCs, but that it can actually lead to the eradication of poverty and to the delivery of development only if accompanied by good-quality domestic policies;

3. Recognises that the principle of free movement of goods and services may be an effective way of helping poor countries to develop, on condition that their problems and interests are specifically taken into account;
4. Calls on the Commission to consider as a priority in its international agenda the enforcement of trade rules and of the right to development, in particular environmental and social rules, as the only way to contribute to the eradication of the root causes of poverty;
5. Calls for a full impact assessment of current trade policies on the environment, sensitive sectors such as forestry and fisheries, and on poverty in the developing countries and in the EU and for an impact assessment of the increased costs which the customs protection and trade barriers of current European trade policies cause for European consumers, and of the obstacles to development this involves for poor people in the developing countries of the world;
6. Reiterates that fair trade can be one of the effective tools for poverty reduction; considers, however, that action against poverty requires above all a radical change of policy in both industrialised and developing countries in order to address the structural causes of poverty through fair trade rules, and that the attainment of all eight UN MDGs should be regarded as the overriding task in the current negotiations on the world trade system and the Economic Partnership Agreements;
7. Urges the developing countries to incorporate trade into their national development and poverty-reduction policies; considers, however, that trade-related measures should be designed so as not to undermine the internal development and poverty-reduction strategies adopted by developing countries;
8. Draws attention to the ILO communication of December 2005 highlighting the potential role of microfinance in the fight against poverty and debt slavery, and also as a tool that can help eliminate child labour by increasing family incomes; calls for research to be undertaken in order to gauge the effectiveness and true potential of microfinance;
9. Is firmly convinced that trade, together with aid and debt relief, is vital for achieving the MDGs by 2015; points out, however, that public development aid will require considerable resources between now and 2015 if this shared ambition is to be realised; in this connection, calls for studies to be undertaken and new sustainable funding mechanisms to be introduced to make it possible to achieve these goals;
10. Welcomes the announcement by the President of the Commission in October 2005 that he would take action in favour of the victims of globalisation within the EU with specific programmes; considers that those programmes should be accompanied by a reinforcement of the social and environmental rules in the EU and of the control of production goods imported into or services provided in the EU;
11. Welcomes the agreement reached at the G8 Summit held in Gleneagles in July 2005 on a comprehensive financial and economic plan to support the progress for Africa, where most of extreme poverty is concentrated, and in particular the decision taken to cancel completely the remaining debts of heavily indebted poor countries to the IMF, the World

Bank and the African Development Fund as a way of meeting the MDGs; emphasises that this initiative must be extended to those developing countries which have demonstrated practically that they are working to reduce corruption, increase transparency and utilise the resources released by the cancellation of debt on strategies for poverty reduction;

12. Welcomes the willingness expressed by Commissioner Mandelson in his statement of 9 February 2006 in Mauritius to adopt a differentiated approach to poor countries based on their level of development and to maintain a tariff preferences system that takes account of these disparities;
13. Welcomes the fact that trade relations between the European Union and the poor countries are asymmetrical, to the benefit of the latter; believes that relations of this kind should serve as a basis for regulating trade at global level; calls on the Commission to argue within the WTO for the introduction of several separate coefficients so as to calculate reductions in customs duties in accordance with the situation of the group of countries concerned;
14. Calls on the Commission to support a consistent tariff policy that will make it possible to differentiate trade policy, so as to meet the expectations of the most fragile countries; with this in view, urges it that a reasonable level of general customs protection be maintained, so as to preserve the comparative advantages enjoyed by these countries under the generalised system of preferences (GSP) which enables them to have sufficient resources available to modernise their production structures;
15. Recalls the EU commitment, under the Cotonou Partnership Agreement, to promote sustainable development and poverty eradication in the African, Caribbean and Pacific Group of States (ACP); and considers that the EU, as an important trade player in the multilateral institutions, could contribute to the reinforcement of the developing countries' position by shaping a more coherent and comprehensive policy, in accordance with Article 178 of the EC Treaty; stresses, however, the significant input of other international donors;
16. Stresses the importance of debt relief by phasing out the debts of LDCs for those governments which respect human rights and the principle of good governance, and give priority to poverty eradication and economic development;
17. Calls on the EU take the lead in order to develop and help to implement schemes to end the debt burden in order to meet the MDGs;
18. Notes that, according to UNCTAD, in 2004 the 50 Least Developed Countries (LDCs) – more than one third of ACP countries - accounted for over 11% of the world's population (742 million), but only 0.6% of the world's GDP;
19. Considers that it is crucial to take into account the right to development of the citizens of poor countries, and not merely the interests of those countries' regimes, and that poor countries must decide and lead their own development strategies and economic policies; considers that the right to industrialisation is a right of development and considers therefore that every country, and especially developing countries in which industrial development is at an early stage, has the right to regulate its industry in order to act

against social or environmental dumping;

20. Takes note of recent studies by UNCTAD and other institutions that show that the extensive trade liberalisation in LDCs has not been sufficiently translated into sustained and substantial poverty reduction and has contributed to a decline in the terms of trade of developing countries, in particular of African countries; warns against the catastrophic consequences of totally eliminating customs revenue for these countries through the overhasty and forced opening of the market and stresses the right of these countries to determine themselves the speed at which they open their markets in all sectors;
21. Considers that during the WTO 6th Ministerial Conference, some progress was made with regard to Special Products and Special Safeguard Mechanism (SSM) and Special and Differential Treatment (SDT), taking into account the concerns of developing countries about the impact of trade liberalisation and reciprocity, but emphasises that much still remains to be done; stresses that SDT must be fully reflected in the negotiations on modalities for tariff reductions in trade in agricultural and industrial goods, in order to allow poorer developing countries sufficient time to consolidate their industrialisation efforts;
22. Calls on the governments of developing countries to formulate and implement national development strategies that integrate trade within them which effectively supports poverty reduction; notes that these efforts must be supported by international development partners, through financial and technical assistance, to build both public and private trade capacities;
23. Calls on LDCs to promote a progressive economic transition in which sustained economic growth is increasingly founded upon domestic resource mobilization, the attraction of foreign direct investment (FDI) and the tapping of financial markets, and to ensure that imports are increasingly paid for by exports rather than covered by aid flows; notes that this is most likely to be achieved if international assistance, debt relief, trade preferences and measures to facilitate FDI and technology transfer all work together to promote development and poverty reduction;
24. Calls on the governments of developing countries, and agriculture-exporting LDCs in particular, to counter the increasing population pressure on land and environmental impoverishment, where farm sizes and yields are too low to support households, through the development of employment-intensive non-agricultural tradables and technological change in subsistence-oriented activities; notes that this could be combined with countering the problem of "enclave growth" through the development of trade-related infrastructure, such as internal transport and communications, increased domestic market integration and the development of new exports, including manufactured goods and tourism;
25. Emphasizes the need for the EU to engage further in initiatives concerning Corporate Social Responsibility in order to arrive at a concept of binding and accountable rules for EU companies trading and producing in third countries in accordance with human rights and ILO standards;
26. Invites the EU to include in particular the consequences of trade in waste in its

Sustainability Impact Assessments of trade agreements in order to arrive at rules against harmful waste;

27. Considers it necessary to develop trade relations among developing countries, to develop the "South-South" inter-regional dimension, to establish local markets and to increase the access of populations to goods and services, but particularly to secure access to essential services such as drinking water, health, energy, transport and education through public investment programmes in line with the MDGs ;
28. Considers that the lack of economic integration and the high tariff and non tariff barriers to trade between developing countries act as a brake on all potential factors of development in these countries; considers that wider opening-up of trade between the countries of the South would produce benefits for the developing countries; notes, however, that LDCs may become marginalised in South-South trade and, therefore, encourages regional FDI, technology transfer and cheaper finance from more advanced developing countries directed to the LDCs and triangular relationships with developed countries as well as special provisions within regional agreements; points out the importance of creating regional markets; considers that more advanced countries should set a good example with the dismantling of trade barriers in order to promote trade between poor countries;
29. Welcomes the implementation of the 'Everything but Arms' initiative by the European Union, which enables the least developed countries to export all their output to the European market without customs duties or quotas; strongly urges all developed and advanced developing countries to follow this model; welcomes the agreement to this effect reached during the recent WTO negotiations in Hong Kong; regrets, however, that restrictions can still be maintained on products which are of major importance for the least-developed countries;
30. Warns of the real risk that the 'Everything but Arms' initiative could be fraudulently distorted by means of irregular forms of triangular trade which will dangerously disrupt the balance of markets and the profitability of prices, without any real gains for local populations working in the production sector in poor countries;
31. Urges the Commission to support the opening-up of markets by introducing adequate measures to regulate trade so as to overcome these dangers; with this in view, suggests that the Everything but Arms initiative should be supplemented by a safeguard clause linking the maximum level of exports from the countries concerned to their actual production capacity; also urges the Commission to take rapid steps to secure a substantial improvement in the quality of control mechanisms for geographical indications and designations of origin;
32. Calls on the Commission to work towards more transparency in international trade negotiations and to note the concerns of those developing countries that lack the capacity to handle numerous trade negotiations at the same time, and invites it to continue and increase its technical assistance to them, to allow them to improve their competence and efficiency in trade negotiations;
33. Considers that appropriate multilaterally agreed trade policies are fundamental for poverty

reduction and that the key policy choices for poverty reduction can be grouped around three major issues:

- A. market access and rebalancing rules on domestic and export support;
 - B. recognition, "operationalisation" and implementation of special and differential treatment (S&D) and flexibilities for developing;
 - C. mainstreaming the development dimension into a wider range of policies that are not "classical trade instruments";
34. Stresses the importance of technical assistance and capacity-building programmes which enjoy sustainable funding, in particular to help developing countries formulate their trade interests and engage in trade negotiations; in this connection, welcomes the improved organisation and the growing confidence among developing countries, particularly the least developed ones;
 35. Stresses the importance of capacity-building for trade to enhance the ACP's ability to identify needs and strategies, of negotiating and supporting regional integration and of assisting in this process, with a view in particular to diversification and to supporting regional integration and enhancing production and supply and trading capacity and by offsetting adjustment costs as well as increasing their ability to attract investment while protecting local fledgling industries;
 36. Welcomes the extension of the scope of the "aid-for-trade" programme, which has not been restricted to LDCs but extended to other developing countries; however, deplores the fact that this previously agreed aid has now been made conditional on additional trade concessions from aid recipients; stresses that this aid must be funded with new money and not involve shifting resources already earmarked for other development initiatives, such as the MDGs;
 37. Urges the Commission to undertake a special programme to help Sub-Saharan countries in areas such as access to water, access to medicines, public services and agriculture and the transfer of know-how by different means including the increase of trade in services;
 38. Welcomes the Commission's new development strategy for Africa, which goes beyond traditional humanitarian aid and aims to bring about economic and social restructuring, and calls on the Commission and Member States to work closely together to implement it;
 39. Stresses the importance of adequate technical assistance to help developing countries; also stresses the need to encourage weak and vulnerable economies in the integration of trade into their national development policies and poverty reduction strategies;
 40. Calls for a greater flexibility in the transition periods which developing countries are allowed when assuming commitments under regional agreements within the scope of GATT;
 41. Notes that agriculture continues to be the principal source of income and employment in

most developing countries, especially for the poorest and therefore stresses the importance of the offer made by the EU to abolish its export subsidies by 2013; insists that a parallel move by other WTO members is required; calls on the EU to continue advocating the abandonment of the other - sometimes disguised - forms of export support (export credits, food aid, State enterprises, etc.), in order to remedy the existing trade imbalances between North and South and to make the agriculture of poor countries more profitable;

42. Welcomes the decision to abolish export subsidies in agriculture by 2013 and calls once again for the implementation of decisions already taken to be brought forward significantly; however, as these export subsidies account for only 3.5% of overall EU agricultural support, urges the Commission to continue discussions on finalising the modalities by which agricultural domestic subsidies and tariffs can be reduced in all industrialised countries;
43. Stresses the importance of commodities such as sugar, bananas and cotton for developing countries; calls upon the EU to offer developing countries the necessary assistance to reform their sugar sectors; deplores the lack of an effective solution to the cotton problem in Hong Kong;
44. Recalls the urgent need for stabilisation of commodity prices and a review of supply management mechanisms on international commodity markets; calls on the Commission to support existing proposals of African WTO members to have action on commodity prices included in the current Round of WTO negotiations;
45. Recalls that the maintenance of biodiversity is a key factor for the preservation of nature and for the fight against plant and animal diseases and that therefore the free use of traditional seeds and knowledge in farming by countries or regions is a legitimate choice;
46. Calls on the Commission to ensure more coherence between its trade and cooperation policies to provide targeted assistance to build up trade capacity so as to ensure that export and import growth increase and remain balanced to avoid a renewed debt crisis in the future, and to help the governments of the developing countries
 - to maintain and develop public services in order to remedy the great scourges linked to poverty, such as epidemics, illiteracy, drinking-water shortages, and the unavailability of sewage treatment;
 - to foster the conditions necessary for wealth creation, such as access to energy and the development of infrastructures, particularly information and communication technologies;
47. Considers that a distinction needs to be drawn between commercial services and public services; stresses the need for public services to remain outside GATS, particularly those which help to provide access to vital public goods such as health, education, drinking water and energy, and those which play a prominent part in cultural identity, such as audiovisual services;
48. Stresses the importance, also for developing countries, of enhancing market access for

service providers, whilst safeguarding the ability of all WTO members to regulate their own service sectors in accordance with GATS, including the possibility of exempting basic sectors such as health, education and audio-visual services; regrets that no specific framework on services has been established within the WTO negotiations so far, especially in sectors which are of interest for the export possibilities of developing countries; calls for substantial progress in this field;

49. Calls on the Commission to guarantee full flexibility in the area of services and to allow to every country the freedom to include or exclude any services in or from the list of services to be liberalised;
50. Calls on the Commission to implement a services-related trade policy that supports the movement of natural persons in developing countries and contributes to the availability of those types of services that can boost development and contribute to poverty reduction;
51. Stresses the need to allow the poorest developing countries some latitude as to how far they reciprocate in opening up markets, so as to protect the most vulnerable countries by allowing them to decide for themselves how quickly liberalisation should proceed;
52. Stresses the need for available and affordable medicines for developing countries, while at the same time taking into account the concerns of producers;
53. Emphasises that poverty is largely a female phenomenon ("the feminisation of poverty") and stresses the need to review the gender impact of trade policies in order to design policies which stop and reverse marginalising effects such as land ownership concentration in male hands, male migration to urban areas and an increase in rural poverty, destruction of local markets, concentration of badly paid low-skill female jobs in export processing zones, etc., by introducing incentives and positive discrimination measures addressed to governments and companies with European ownership;
54. Calls for a systematic analysis of the gender dimension of trade expansion that examines the various trends and takes into account the complexity of the issues and factors involved, such as women's access to economic and technical resources, their participation in the labour market, rates and patterns of discrimination and the gender divide in the labour market, women's access to education and their level of education and their access to health care and socio-cultural resources;
55. Notes that women benefit less from the opportunities presented by liberalisation of trade and globalisation, while at the same time they are harder hit by the adverse effects of those phenomena, and urges the EU therefore, in its trade-related assistance programmes, to devote specific attention to increasing opportunities for women to participate in trade, with particular emphasis on international trade;
56. Notes that, in bilateral and multilateral trade negotiations which the Commission conducts on behalf of the Member States, little or no effort is made to assess the gender-related impact of future trade agreements, and calls on the Commission, as a matter of routine, to make a gender analysis of the impact of European proposals in trade negotiations at macro and micro level;

57. Calls on international economic institutions and the Commission to devise measures and programmes to promote the role of women in developing countries' economic life, particularly by encouraging a spirit of enterprise through education and by providing financial assistance, including micro-credits;
58. Considers that social development is a cornerstone of trade policy and calls on the relevant international organisations and on governments to eliminate all forms of discrimination, including gender disparities and barriers and pay discrimination, to recognise a right to paid maternity leave and to establish a minimum wage; calls for the inclusion of organisations representing women workers in the consultation process;
59. Appeals to the sense of social responsibility of those involved in international trade, and calls on the competent institutions to take specific measures in order to guarantee persons living in deprived environments fair access to public health systems, decent housing, water, justice, education, training, lifelong learning, sports and culture, so as to guard against them leaving school prematurely and enable them to move smoothly from school into the labour market;
60. Considers that trade agreements must comply with the existing international agreements on human rights and women's rights, ecological sustainability and the right to development and the eradication of poverty;
61. Points out that an international trade system which serves the needs of development and poverty reduction will also contribute to social progress and decent employment; that trade rules should not impinge on the social standards established by the ILO; that the fight against all forms of labour exploitation (prohibition of forced labour and child labour in particular), together with respect for trade union freedoms, is vital to the organisation of a fair trade system that serves the interests of everyone; reiterates the need to study the interaction between trade and social questions;
62. Calls on the Commission to start taking into account non-commercial criteria in future negotiations on any further opening-up of the markets, so that trade expansion does not take place at the expense of the working conditions of local populations; at the same time calls on the members of the ILO to agree on common rules for the developing countries, with the precise nature of these rules and the timetable for their implementation to be determined in cooperation with the developing countries;
63. Stresses the need for the WTO to respect ILO decisions in this area; suggests that, in this connection, when the ILO decides on sanctions, the States should be able to use trade instruments such as the triggering of safeguard clauses, temporary reassessment of customs tariffs or the introduction of anti-dumping measures;
64. Stresses that poverty reduction and the promotion of sustainable development must be one of the central focuses of the EPA negotiations;
65. Stresses the importance of maintaining and strengthening the multilateral trade frameworks; recalls that within the WTO, as a forum for shaping a fair rules-based system for international trade, special emphasis should be placed on increasing the developing countries' negotiating capacities in order to enable them to better represent

their trade interests and integrate them into the global economy;

66. Reiterates its call for a wide-ranging urgent reform of the WTO resulting in greater democratic accountability, transparency and higher credibility so as to integrate it more effectively within the general framework of world governance; calls for greater coordination and coherence among the various international institutions active in the field of trade, development and development finance, including the United Nations agencies responsible for human development, health, labour and the environment, with the view to achieving the MDGs and consolidating efforts to eliminate poverty and provide opportunities for all;
67. Calls for the European Parliament, as the legitimate representative of the citizens of the European Union, to be associated with agreements on international trade;
68. Stresses that the fight to combat poverty is closely linked with the protection of human rights, the establishment of democratic institutions and democratic governance;
69. Welcomes the Declaration made on 14 September 2005 at the United Nations Summit on the Achievement of the Millennium Development Goals in New York, proposing to give consideration to the introduction of international solidarity contributions to the fight against AIDS, tuberculosis and malaria which would enable the international community to fulfil its undertakings to the poorest countries, while also contributing to a fair distribution of the new wealth generated by globalisation;
70. Considers that not only trade, but especially economic development, investment in small and medium sized businesses which supply goods and services, can have an impact on an increase in wealth in the future; calls, in particular, on the European Investment Bank to develop more programmes for these target groups;
71. Stresses the importance of supporting LDCs in removing red tape in order to stimulate enterprise domestically and find markets abroad in particular by involvement of local communities, parliaments and civil society in developing countries in democratic processes.
72. Instructs its President to forward this resolution to the Council, the Commission, and the governments and parliaments of the Member States.

EXPLANATORY STATEMENT

The necessity for the European Parliament to give a first pronouncement on the link between Trade and Poverty and to begin proposing solutions in order to orient trade policy's contribution to solving the question of poverty is of particular relevance.

Undoubtedly, trade can be an important tool for development and for poverty reduction. No country can reach a certain level of development without opening its trade to others. But when liberalisation takes place under pressure and too quickly, and without adequate regulation, it results in deindustrialisation, the destruction of the environment, increasing dependence and acceleration of impoverishment.

The urgency of coherence is due to the dimension of poverty itself. Poverty, hunger, mass disease, exclusion of any form of access to natural resources such as water and basic services, are reaching levels hitherto unknown in the history of humanity and ambitious decisions are to be taken. The MDG's were adopted by the UN in order to reduce by half the people dying from hunger by 2015. Even these very minimal objectives can not be reached if there is no change in actual policy. No doubt that no real progress can be reached toward this agreed objective without establishing fairer international trade rules.

Questions of poverty, hunger, disease, destruction of the environment and climate change are also very much related to the security of all of us, and to the building of a peaceful world. Towards this end, the EU has special responsibility as the largest exporter and the second largest importer in the world, and the sooner we take the right decisions; the lower the costs will be.

The policy of accelerated market opening, and the delay taken to react to new situations, such as the invasion of Chinese products through the adoption of appropriate laws, both at regional and at global level, is challenging the essence of the EU itself, threatening the policy of industrialisation, the policy of protection of the environment, the efforts for regional and social cohesion, and the effort to organise the agricultural market.

Contribution of trade to development

Market access has often been presented as automatically positive for development. But in reality it works only within a whole set of domestic and international conditions.

Opening borders to international trade appears to have been successful in countries that, having been quite protectionist in order to develop their economies, later decided to open some areas of their markets to international competition. All industrialised countries did so before opening their markets to international competition.

Some conditions must be met before opening a market:

- the existence of a national or regional **institutional** framework, including regulation for the redistribution of social and economical wealth, the absence of external financial conditionalities that paralyse the actions of the government;

- the possibility to act with **flexibility** in order to choose how much to open an economical sector that is strong enough to resist market opening;
- the use of **non reciprocal** approaches with unequal trade partners;
- the existence of **financial capacity** of the state to support some sectors of the economy prior to market opening; this capacity is very much diminished if there is a big external debt to pay.

The opening of borders to international trade involves important adjustment problems and there is evidence that poor countries are not as well placed to protect themselves against adverse effects and take advantage of opportunities. As has been the case in the building of Europe through the cohesion funds, it is necessary to foresee contractually adequate funding for developing countries while asking them to open markets to industrialised countries. This would allow these countries to establish the institutionally adequate framework, to prepare their economies to competition with foreign players, and to organise the replacement of the income they lose by lowering their border-tariffs.

Unfortunately the automatic application of market opening has already caused enormous damages in terms of poverty. In many countries, accelerated liberalisation has worsened the conditions of poverty of the population. Liberalisation has been made in multilateral agreements or, more often, in the framework of bilateral agreements or under conditions linked to engagements with international finance institutions.

Trade negotiations especially critical for the poor

There are some areas where some changes, even small, in the current orientation of international trade negotiations could do a lot of difference for the poor. Small improvements in trade negotiations affecting environment, agriculture and commodities, public services and health, industrialisation, have provided enormous gains, especially to women and children, and towards the completion of the MDG's.

Environment

It is impossible today to ignore the effects of the current globalisation and production systems on the environment. But as these problems affect everybody, it is important to stress that poor people are the first affected by the destruction of the environment.¹

Examples are many: For instance, 90 % of fishermen worldwide, 40 million people, are employed in small scale artisanal fishing and are overwhelmingly poor. Liberalisation of fishing is directly threatening them of their livelihoods.

¹ *"Prudence must be shown in the management of all living species and natural resources, in accordance with the precepts of sustainable development. Only in this way can the immeasurable riches provided to us by nature be preserved and passed on to our descendants. The current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants. "*
United Nations Millennium Declaration, 2000

For this reason the current trade negotiations at the WTO and in bilateral trade agreements should be reviewed in order to prevent the complete liberalisation of markets in areas such as forest products, fish and fish products, water extraction and distribution, and the management of natural parks, including biodiversity hotspots, the patenting of life forms, and the appropriation of traditional knowledge for the benefit of investors.

These trade negotiations concern millions of people obliged eventually to abandon the areas where they live for big cities and eventually to migrate.

Some steps are being taken in the right direction.¹ But much more political will is necessary in order to give these intentions an effective obligatory legal framework.

Today, with global urgency on climate change, and all environmental destruction, the imbalance between, on the one hand, trade rules with sanctions and, on the other, soft environmental laws is particularly costly and inadequate to the necessities of the society. The states and the legislators have the urgent responsibility to correct it.

Agriculture and commodities

Agriculture is another very sensitive area for the situation of the poor, both in industrialised and in developing countries. Since the WTO's Agreement on Agriculture was signed in 1994, food is increasingly treated as just another industrial good to be produced and sold anywhere to those that can afford it. This has created enormous changes in the situation of the poor with a mass migration of people to the cities. And this has been limiting the food sovereignty especially for developing countries and the possibility of the poor to have access to safe food at fair prices.

The current rules have generated particularly inequitable terms of trade for small or middle farmers worldwide. The consequence - An extraordinarily high number of small farms both in the South and the North are disappearing. Monoculture is encouraged by the same rules that benefit enormously international agribusiness, with dramatic consequences on the environment. The cultivation of soy bean to feed protein to European animals, at the expense of balanced farming in Europe, the Amazonian Forest and small farmers in Brazil, Argentina and Bolivia, is only one possible example of the disastrous consequences of such a policy.

Therefore it is essential to reorient the European CAP in order to limit subsidies to support real sustainable agriculture, and the defence of the social and territorial functions of agriculture. All intent to postpone it would only increase the social and environmental costs.

During the last 15 years, the EU has been dismantling nearly all instruments aimed to stabilise the price of commodities, particularly in its relations with ACP countries, arguing that they were not yielding sufficient results (Systmin, Stabex...) or that they were not compatible with WTO rules. Within the same period, prices of most commodities for producers have diminished drastically, with enormous consequences on the poor of the world...²

¹ The UN Convention to Combat Desertification, the Ramsar Convention on Wetlands and the Convention on Biodiversity, that recognises that communities need to participate fully in the management of their ecosystems.

² "*Millions of producers of commodities are facing a depression even worse than the one of the '1930....At the*

The control of the commodities-market, -and the benefits of it- are today very much concentrated in the hands of few retailer companies.¹

This seems to be a typical area where the European Commission as well as the WTO should stress in the building of mechanisms to stabilise the price of commodities and establish a reasonable balance between the benefits of the producers and the retailers.

Services and public health

Access to minimum services is a necessary condition for human dignity and for democracy. Any improvement of access to public services has immediate consequences in terms of poverty reduction.

Access to water is particularly sensitive for the poor and has enormous potential for future conflicts for this century. Actual use of water is totally irrational: 70% of the world's water is now used for irrigation (of which 60% is wasted), 22% by industry and just 8% for human consumption.

In its resolution on water management in developing countries, the European Parliament "emphasises that distribution of water should be looked upon as essentially a public service"². Some governments - the one in Mali - have decided to return the management of water to the public sector. In Uruguay a popular initiative allowed an amendment in the Constitution in order to limit to the public sector the right to administrate water. In Bolivia, poor people linked to the new indigenous government reversed the privatisation of water in two major cities (Cochabamba and El Alto).

As it is now known that water is a reason for future conflicts, the EU, in view of its conflict-prevention policy should abstain from any demand of liberalisation of water distribution in any trade negotiation, and could undertake an initiative in order to turn water into a universal public good.

Public services are part of the identity of Europe. Fair possibility for everyone to have access to basic services is considered a precondition for democracy and every European country has been built on this base.

Access by the poor to basic services in areas like health and education is absolutely necessary for development and democracy in developing countries. Therefore, demands for liberalisation should not include such areas, and promotion of public services should therefore be stressed in order to comply with the EU foreign policy objectives of promoting democracy and human rights.

end of the 80's, the coffee exporting countries were receiving nearly 12 billions of dollars for their exports. In 2003, they were exporting more coffee but were receiving less than half of the amount previously mentioned: 5,5 billions of dollars", UNDP, World Report on Human development 2005, p. 19.

¹ *"The 30 first supermarkets corporate and food corporate do 1/3 of the sales of retail worldwide. ..Wal-Mart, the biggest company in the world, sells more than 1/3 of the sales of food industry in the US" Same report, p. 152.*

² European Parliament, 4 September 2003, Resolution on the Commission communication on water management in developing countries and priorities for EU development cooperation.

The recognition of public health as a major right, prior to trade profits, is an important concession to developing countries in the Doha negotiations. Any further step to apply this principle, giving the poor effective access to medicines, -through a reform of the TRIPS Agreement as promised- would have an immediate effect on the lives of millions of poor people who can not afford the price of medicines to fight diseases that have enormous negative effects on the development of their countries.

Goods and services industry

The right to industrialisation as a development right must be recognised both for developing and currently industrialised countries. EU policies should be oriented towards creating basic conditions that promote the industry of goods and services in Europe, not as means for European investors to control foreign economies.

The absence of social rights and of an effective application of social rules in countries exporting goods and services to Europe represents a danger for its industrialisation and for the basic rights of its workers.

For developing countries, industrialisation is essential to tackle poverty, and to cut the vicious circle of dependence on commodities with no added value. Two basic conditions are necessary for the industrialisation of poor countries: the possibility to protect their markets in industrialised goods from very big players at least at the first stage of their development - just as industrialised countries did - and the access to technology.

Access to technology means access to patents, 90% of which are owned by the industrialised countries. Any reorientation of the current negotiations of NAMA in order to allow developing countries to protect their market, and any amendment of the TRIPS Agreement in this direction would have enormous beneficial consequences for poor people in developing countries.

Much must be done urgently for poverty-reduction, and much can be done through a change in trade rules. These are only some proposals in order to widen the discussion and to bring to action an international trade policy more oriented towards long term concerns, towards poverty reduction, and towards the rational use of natural resources and the building of a peaceful world.

5.4.2006

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on International Trade

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

Draftswoman: Danutė Budreikaitė

SUGGESTIONS

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

1. Reiterates that fair trade can be one of the effective tools for poverty reduction; considers, however, that action against poverty requires above all a radical change of policy in both industrialised and developing countries in order to address the structural causes of poverty through fair trade rules, and that the attainment of all eight UN Millennium Development Goals should be regarded as the overriding task in the current negotiations on the world trade system and the Economic Partnership Agreements;
2. Recalls the EU commitment, under the Cotonou Partnership Agreement, to promote sustainable development and poverty eradication in the African, Caribbean and Pacific Group of States (ACP); and considers that the EU, as an important trade player in the multilateral institutions, could contribute to the reinforcement of the developing countries' position by shaping a more coherent and comprehensive policy, in accordance with Article 178 of the EC Treaty; stresses, however, the significant input of other international donors;
3. Notes that, according to UNCTAD, in 2004 the 50 Least Developed Countries (LDCs) – more than one third of ACP countries - accounted for over 11% of the world's population (742 million), but only 0.6% of the world's GDP;
4. Stresses the importance of maintaining and strengthening the multilateral trade frameworks; recalls that within the WTO, as a forum for shaping a fair rules-based system for international trade, special emphasis should be placed on increasing the developing countries' negotiating capacities in order to enable them to better represent their trade interests and integrate them into the global economy;
5. Considers that during the WTO 6th Ministerial Conference, some progress was made

with regard to Special Products and Special Safeguard Mechanism (SSM) and Special and Differential Treatment (SDT), taking into account the concerns of developing countries about the impact of trade liberalisation and reciprocity, but emphasises that much still remains to be done; stresses that SDT must be fully reflected in the negotiations on modalities for tariff reductions in trade in agricultural and industrial goods, in order to allow poorer developing countries sufficient time to consolidate their industrialisation efforts;

6. Welcomes the decision to abolish export subsidies in agriculture by 2013 and calls once again for the implementation of decisions already taken to be brought forward significantly; however, as these export subsidies account for only 3.5% of overall EU agricultural support, urges the Commission to continue discussions on finalising the modalities by which agricultural domestic subsidies and tariffs can be reduced in all industrialised countries;
7. Stresses the importance, also for developing countries, of enhancing market access for service providers, whilst safeguarding the ability of all WTO members to regulate their own service sectors in accordance with the GATS agreement, including the possibility of exempting basic sectors such as health, education and audio-visual services; regrets that no specific framework on services has been established within the WTO negotiations so far, especially in sectors which are of interest for the export possibilities of developing countries; calls for substantial progress in this field;
8. Stresses the importance of commodities such as sugar, bananas and cotton for developing countries; calls upon the European Union to offer developing countries the necessary assistance to reform their sugar sectors; deplores the lack of an effective solution to the cotton problem in Hong Kong;
9. Welcomes the extension of the scope of the "aid-for-trade" programme, which has not been restricted to LDCs but extended to other developing countries; however, deplores the fact that this previously agreed aid has now been made conditional on additional trade concessions from aid recipients; stresses that this aid must be funded with new money and not involve shifting resources already earmarked for other development initiatives, such as the Millennium Development Goals;
10. Takes note of the development package adopted in Hong Kong; regrets that the granting of duty and quota free access for LDC products to developed country markets allows the exclusion of up to 3% of tariff lines which substantially reduces the benefits for LDCs; calls on all developed and advanced developing countries to follow the model of the EU "everything but arms" initiative;
11. Stresses the importance of debt relief by phasing out the debts of LDCs for those governments which respect human rights and the principle of good governance, and give priority to poverty eradication and economic development;
12. Takes note of recent studies by UNCTAD and other institutions that show that the extensive trade liberalisation in LDCs has not been sufficiently translated into sustained and substantial poverty reduction and has contributed to a decline in the terms of trade of developing countries, in particular of African countries; warns against the catastrophic

consequences of totally eliminating customs revenue for these countries through the overhasty and forced opening of the market and stresses the right of these countries to determine themselves the speed at which they open their markets in all sectors;

13. Recalls the urgent need for stabilisation of commodity prices and a review of supply management mechanisms on international commodity markets; calls on the Commission to support existing proposals of African WTO members to have action on commodity prices included in the current Round of WTO negotiations;
14. Stresses the importance of capacity-building for trade to enhance the ACP's ability to identify needs and strategies, of negotiating and supporting regional integration and of assisting in this process, with a view in particular to diversification and to supporting regional integration and preparing for liberalisation by enhancing production and supply and trading capacity and by offsetting adjustment costs as well as increasing their ability to attract investment while protecting local fledgling industries;
15. Stresses the need for urgent WTO reform resulting in greater democratic accountability, transparency and higher credibility;
16. Considers it necessary to develop trade relations among developing countries, to develop the "South-South" inter-regional dimension, to establish local markets and to increase the access of populations to goods and services but particularly to secure access to essential services such as drinking water, health, energy, transport and education through public investment programmes in line with the Millennium Development Goals ;
17. Considers that not only trade, but especially economic development, investment in small and medium sized businesses which supply goods and services, can have an impact on an increase in wealth in the future; calls, in particular, on the European Investment Bank to develop more programmes for these target groups;
18. Stresses the importance of supporting LDCs in removing red tape in order to stimulate enterprise domestically and find markets abroad in particular by involvement of local communities, parliaments and civil society in developing countries in democratic processes.

PROCEDURE

Title	Trade and poverty: designing trade policies to maximise trade's contribution to poverty relief
Procedure number	2006/2031(INI)
Committee responsible	INTA
Opinion by Date announced in plenary	DEVE 16.2.2006
Enhanced cooperation – date announced in plenary	
Drafts(wo)man Date appointed	Danutė Budreikaitė 25.1.2006
Previous drafts(wo)man	
Discussed in committee	13.3.2006
Date adopted	3.4.2006
Result of final vote	+: 23 -: 0 0: 0
Members present for the final vote	Margrete Auken, Alessandro Battilocchio, Margrietus van den Berg, Danutė Budreikaitė, Marie-Arlette Carlotti, Thierry Cornillet, Nirj Deva, Fernando Fernández Martín, Michael Gahler, Filip Andrzej Kaczmarek, Glenys Kinnock, Ģirts Valdis Kristovskis, Maria Martens, Miguel Angel Martínez Martínez, Luisa Morgantini, Frithjof Schmidt, Jürgen Schröder, Feleknaš Uca, María Elena Valenciano Martínez-Orozco, Anna Záborská.
Substitute(s) present for the final vote	Milan Gaľa, Manolis Mavrommatis and Miloslav Ransdorf.
Substitute(s) under Rule 178(2) present for the final vote	
Comments (available in one language only)	...

27.4.2006

OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY

for the Committee on International Trade

on trade and poverty: devising trade policies in such a way as to maximise the contribution that trade makes to fighting poverty
(2006/2031(INI))

Draftswoman: Anna Záborská

SUGGESTIONS

The Committee on Women's Rights and Gender Equality calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- having regard to United Nations resolutions A/RES/46/121, A/RES/47/134, A/RES/49/179, A/RES/47/196 and A/RES/50/107,
 - having regard to the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), adopted in 1979 by the UN General Assembly, and the Optional Protocol thereto,
- A. whereas combating poverty constitutes an absolute priority,
 - B. whereas poverty eradication requires democratic participation and changes in economic structures in order to ensure a more equitable distribution of wealth,
 - C. whereas women in most countries do not have the same access as men to education, training, credit, technology and information, which are necessary to enable them to take advantage of the new economic opportunities arising from the expansion in international trade,
 - D. whereas the impact on women of policies to expand trade depends upon women's position within their local, regional and national economy as well as their role in the social reproduction of family welfare and care services and whereas women's employment remains the key to economic independence and has a profound impact on the position of

women in society as a whole,

- E. whereas one of the EU's challenges is therefore to identify and promote the conditions and the model of trade most beneficial to women and to identify what is necessary for women to benefit from the expansion in trade,
- F. whereas poverty is defined as "a human condition, characterized by the sustained or chronic deprivation of resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights",
- G. whereas there is a need for a partnership with the poorest members of society, who should be the leading partners in devising, implementing and assessing international economic policies to combat poverty,
- H. whereas 70 % of the 1.3 billion of people living in poverty are women; whereas, throughout the world, women are denied the necessary opportunities to improve their economic and social condition, such as property or inheritance rights, or access to education or jobs, while at the same time women have the added responsibility of caring for children and the household,
- I. whereas, overall, the development of international trade has positive effects by helping to reduce poverty, as international statistics show,
- J. whereas in many developing countries women from the lowest social strata earn their livings primarily from small-scale farming or by working in the textile and clothing industries producing goods for export,
- K. whereas in developing countries more women earn their livings in the informal sector than is the case in other countries, whereas women have less control over the land on which they work, inter alia because land ownership rights and inheritance law place them at a disadvantage, and whereas women have less access to capital and loans to invest in their businesses,
- L. whereas the proportion of women working in unskilled jobs in export industries has grown steadily, which gives them opportunities for more income and control over how the family income is spent, but these women receive lower wages than men for the same work and their working conditions and job security are inferior to those of men,
- M. whereas when women have more control over the use to which the family income is put, more is invested in their children's education and in health care and food, which helps to reduce poverty,
 - 1. Recognises that the principle of free movement of goods and services may be an effective way of helping poor countries to develop, on condition that their problems and interests are specifically taken into account;
 - 2. Calls for a systematic analysis of the gender dimension of trade expansion that examines the various trends and takes into account the complexity of the issues and factors

involved, such as women's access to economic and technical resources, their participation in the labour market, rates and patterns of discrimination and the gender divide in the labour market, women's access to education and their level of education and their access to health care and socio-cultural resources;

3. Takes note of new data provided by UNIFEM, which show that in today's global economy poor working women are predominantly concentrated in the informal economy, where they lack job security and safety, have no benefits or labour protection and where their earnings are too meagre to enable them to pull themselves out of poverty;
4. Notes that women benefit less from the opportunities presented by liberalisation of trade and globalisation, while at the same time they are harder hit by the adverse effects of those phenomena, and urges the EU therefore, in its trade-related assistance programmes, to devote specific attention to increasing opportunities for women to participate in trade, with particular emphasis on international trade;
5. Calls for a systematic analysis to be made of unpaid work, which is primarily performed by women, in the statistics of international economic institutions;
6. Notes that, in bilateral and multilateral trade negotiations which the Commission conducts on behalf of the Member States, little or no effort is made to assess the gender-related impact of future trade agreements, and calls on the Commission, as a matter of routine, to make a gender analysis of the impact of European proposals in trade negotiations at macro and micro level;
7. Calls on international economic institutions and the Commission to contribute to the exchange of best practices with regard to improving living and working conditions, particularly in developing countries, inter alia by means of better reconciliation of work and family life;
8. Calls on international economic institutions and the Commission to devise measures and programmes to promote the role of women in developing countries' economic life, particularly by encouraging a spirit of enterprise through education and by providing financial assistance, including micro-credits;
9. Considers that social development is a cornerstone of trade policy and calls on the relevant international organisations and on governments to eliminate all forms of discrimination, including gender disparities and barriers and pay discrimination, to recognise a right to paid maternity leave and to establish a minimum wage; calls for the inclusion of organisations representing women workers in the consultation process;
10. Appeals to the sense of social responsibility of those involved in international trade, and calls on the competent institutions to take specific measures in order to guarantee persons living in deprived environments fair access to public health systems, decent housing, water, justice, education, training, lifelong learning, sports and culture, so as to guard against them leaving school prematurely and enable them to move smoothly from school into the labour market;
11. Considers that trade agreements must comply with the existing international agreements

on human rights and women's rights, ecological sustainability and the right to development and the eradication of poverty.

PROCEDURE

Title	Trade and poverty: devising trade policies in such a way as to maximise the contribution that trade makes to fighting poverty
Procedure number	2006/2031(INI)
Committee responsible	INTA
Opinion by Date announced in plenary	FEMM 16.2.2006
Drafts(wo)man Date appointed	Anna Záborská 21.2.2006
Discussed in committee	6.4.2006 24.4.2006
Date adopted	25.4.2006
Result of final vote	+: 22 -: 0 0: 1
Members present for the final vote	Edit Bauer, Hiltrud Breyer, Maria Carlshamre, Věra Flasarová, Lissy Gröner, Zita Gurmai, María Esther Herranz García, Rodi Kratsa-Tsagaropoulou, Astrid Lulling, Angelika Niebler, Siiri Oviir, Doris Pack, Christa Prets, Teresa Riera Madurell, Amalia Sartori, Eva-Britt Svensson, Anne Van Lancker, Anna Záborská
Substitute(s) present for the final vote	Véronique De Keyser, Lidia Joanna Geringer de Oedenberg, Anna Hedh, Zita Pleštinská
Substitute(s) under Rule 178(2) present for the final vote	Joel Hasse Ferreira (for Edite Estrela)
Comments (available in one language only)	...

PROCEDURE

Title	Trade and poverty: designing trade policies to maximise trade's contribution to poverty relief		
Procedure number	2006/2031(INI)		
Committee responsible Date authorisation announced in plenary	INTA 16.2.2006		
Committee(s) asked for opinion(s) Date announced in plenary	DEVE 16.2.2006	FEMM 16.2.2006	
Not delivering opinion(s) Date of decision			
Enhanced cooperation Date announced in plenary			
Rapporteur(s) Date appointed	Helmuth Markov 13.7.2005		
Previous rapporteur(s)			
Discussed in committee	25.1.2006	21.2.2006	19.4.2006
Date adopted	3.5.2006		
Result of final vote	+ 24 - 1 0 2		
Members present for the final vote	Jean-Pierre Audy, Daniel Caspary, Françoise Castex, Giulietto Chiesa, Christofer Fjellner, Glyn Ford, Béla Glattfelder, Jacky Henin, Sajjad Karim, Caroline Lucas, Erika Mann, Helmuth Markov, David Martin, Javier Moreno Sánchez, Georgios Papastamkos, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Peter Šťastný, Johan Van Hecke, Daniel Varela Suanzes-Carpegna, Zbigniew Zaleski		
Substitute(s) present for the final vote	Bastiaan Belder, Margrietus van den Berg, Reimer Böge, Philip Bradbourn, Danutė Budreikaitė, Elisa Ferreira, Jörg Leichtfried		
Substitute(s) under Rule 178(2) present for the final vote			
Date tabled	10.5.2006		
Comments (available in one language only)			