This document presents FTAO’s submission to the EU trade strategy consultation 2010.

1. INTRODUCTION

Question 1. 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?

Trade policy should not be an end in itself but a means towards achieving the wider EU objectives in its relations with the wider world (Art. 3.5 Treaty on the European Union). We believe that the EU 2020 trade strategy should be a tool to reach these overall EU objectives. “Free and fair trade”, eradication of poverty, sustainable development are all part of these objectives. The European Commission should translate these into specific policy measures, especially not turning a blind eye to the addition of “fair trade” as a new EU objective. This also includes policy coherence, “The Union shall ensure consistency between the different areas of its external action and between these and its other policies” (Art 21 Treaty of the European Union). It is important that the trade strategy should take into account these obligations, above all regarding how its trade strategy could affect its development cooperation objectives.

The EU 2020 trade strategy should clarify that the meaning of the new EU Treaty objective of “fair trade” cannot be interpreted in isolation with the other overall EU objectives in the EU Treaty and values that the European Union wants to promote, including poverty reduction and sustainable development, both in the European Union and in its relations with the wider world. However, we are concerned that the DG TRADE website (http://ec.europa.eu/trade/tackling-unfair-trade) could be misunderstood as stating that the only thing that the EC does to prevent unfair trade is linked to: 1) WTO dispute settlement mechanism, 2) Anti-dumping, Anti-subsidy and Safeguards mechanisms, 3) guaranteeing defence rights in trade proceedings and 4) Actions against trade barriers. The EC 2020 trade strategy “consultation issues” (question 16) strategy refers to unfair commercial practices and gives the examples of distortion of international competition by the payment of unfair subsidies, in cash or in kind, or by dumping practices. We believe that the EU 2020 strategy should clarify that “fair trade” is not only about trading partners simply playing by the rules.

The EU 2020 trade strategy should not only be about commercial government-to-government negotiations. In order to achieve the EU objectives in Art. 3.5 of the Treaty on the European Union, the EC should put in place a wide range of policies. Multilateral and bilateral commercial negotiations play an important part in that, but such government-to-government agreements alone will not achieve those goals. In The EU 2020 trade strategy should recognise that trade can be made fairer by using tools other than these government-to-government agreements. These tools could include other DG Trade policies such as support to civil society led initiatives like Fair Trade.

The EU 2020 trade strategy should not only be about EU companies accessing third country markets. To help achieve the EU objectives, the EU 2020 trade strategy should reflect that small producers from developing countries find it hard to find sufficient and easily accessible finances to trade fairly. Market access and capacity building are key concerns for producers in developing countries. They need practical assistance in meeting EU standards and requirements and for many marginalised producers pre-financing as provided by Fair Trade is essential to sustain their own living. With its longstanding experience in this field the Fair Trade movement can provide a valuable input into trade and development policy making. We therefore would like to see reflected in the trade strategy ways to support small producers through:

- Technical assistance (for instance to meet the European SPS standards and rules of origin);
Capacity building and empowerment programmes;
Helping the Fair Trade movement in providing pre-financing for producers;
Assistance in the distribution of Fair Trade products on local markets.

**Question 2. 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 EU 2020 strategy should not only be about European companies’ access to foreign markets. While it is legitimate that a European trade strategy supports the competitiveness of the European industry, this should not be done at the detriment of sustainable development. It is therefore important to promote the principles underlying Europe’s social market economy in the global context. The EU is the world’s biggest economy and has powerful instruments to set environmental targets, reduce inequalities, and regulate the market. What is needed now is the political will to make a sustainable and fairer EU a reality, with the support of the strong civil society movements that exist. The EC has indicated that “the poverty linkages are not always well articulated in trade development strategies” (European Commission Communication, ‘Towards an EU Aid for Trade Strategy – the Commission’s contribution’ COM(2007) 158 final). The EU 2020 strategy is an opportunity to adequately build these linkages and mainstream the new EU Treaty objectives across all EU trade policies.

Fair Trade principles are fully in line with the sustainable development and poverty reduction objectives as laid down in Art. 3.5 of the new Treaty on the European Union. In its Communication of 5 May 2009 (COM(2009) 215 final), (which focussed on the technical assurance schemes-related side of Fair Trade) the EC already recognised that Fair Trade contributes to sustainable development. Therefore, support to Fair Trade should be part of the European Commission toolkit to make trade fairer. As requested by the European Parliament Resolution on Fair Trade and Development (A6-0207/2006), the European Commission should undertake a study to examine how Fair Trade could develop into a model for sustainable EC trade policy which would be capable of stimulating balanced North-South trade. The EU 2020 should also explicitly recognise that Fair Trade initiatives also work to achieve the new EU Treaty objectives of making trade fairer.

The European Union should not miss the opportunity to become the world’s leading advocate for sustainable development. Therefore, any trade strategy should have sustainable development at its heart. This also means sustainable development for third countries. The trade strategy should not hinder third countries abilities to achieve sustainable development. This includes allowing countries to create policies that would achieve sustainable development over the goal of open markets. The policy space for EU trading partners (in particular in the South) should be respected as to allow them to put in place policies and/or legislation in line with their own objectives. The EU trade policy should not undermine such possibility. For example, the EC raw materials strategy should not restrict the 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. Doing otherwise would potentially not only have serious environmental and social implications. It could result in an obstacle to developing countries to climb up the value chain and transform the structures of their economies.

2. MULTILATERAL TRADE NEGOTIATIONS

**Question 3. 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?**

We believe that the fairness of trade should be measured against marginalised producers and workers in the South. The EU has stated the need for supporting small producers to develop and enhance local and regional markets (An EU policy framework to assist developing countries in addressing food security challenges COM(2010) 127, March 2010). Small producers (in particular marginalised producers) tend to loose ground in international trade because they cannot compete with highly capitalized, large-scale operations and often they are vulnerable to volatile prices on the international market and ever declining terms of trade of the commodities market. In parallel, workers in large plantations are, after all, the smallest producers of all: they are land-less producers, which makes them even more vulnerable. Small producers (in particular marginalised producers) and workers in the South, should become a key element of measurement whether trade policy is fair or not as they are the ones that cannot benefit from trade liberation.

The EU 2020 trade strategy should not have a negative effect on the ability for developing countries and their producers to have food sovereignty, build local and regional markets, protect natural resources, add value to their products and by doing so contribute to sustainable development and
poverty alleviation. The European Commission Impact Assessment Guidelines recognize that EU policies “can also have unintended economic, social and environmental impacts” and “can affect developing countries in a number of areas”. (The EC guidelines also require that, in the social and environmental areas, the MDG indicators (health, education, food security, environment...) should be used as measurement to carry out the impact assessment on developing countries. European Commission Impact Assessment Guidelines, 15 January 2009 - SEC(2009) 92.)

In this context, we call on the EC 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, whether and how it has taken care of assessing the impact of the strategy on small producers (in particular marginalised producers) and workers in the South.
- In the implementation of the EU2020 strategy, the EC should carry out impact assessments before new policies (draft trade negotiation mandates, other trade policies) are proposed to measure the impact of the proposed policies on, inter alia, small producers (in particular marginalised producers) and workers in the South.

3. BILATERAL TRADE NEGOTIATIONS

**Question 4. 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?**

We believe that bilateral negotiations need to be conducted under the same principles as we believe multilateral negotiations should be conducted.

The policy space for EU trading partners (in particular in the South) during FTA negotiations should be respected to as to allow them to put in place policies and/or legislation in line with their own objectives. The EU trade policy should not undermine such possibility. For example, the EC raw materials strategy should not restrict the 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. Doing otherwise would potentially not only have serious environmental and social implications. It could result in an obstacle to developing countries to climb up the value chain and transform the structures of their economies.

We believe that the fairness of trade should be measured against marginalised producers and workers in the South. The EU has stated the need for supporting small producers to develop and enhance local and regional markets (An EU policy framework to assist developing countries in addressing food security challenges COM(2010) 127, March 2010). Small producers (in particular marginalised producers) tend to loose ground in international trade because they cannot compete with highly capitalized, large-scale operations and often they are vulnerable to volatile prices on the international market and ever declining terms of trade of the commodities market. In parallel, workers in large plantations are, after all, the smallest producers of all: they are land-less producers, which makes them even more vulnerable. Small producers (in particular marginalised producers) and workers in the South, should become a key element of measurement whether trade policy is fair or not as they are the ones that cannot benefit from trade liberation.

The EU 2020 trade strategy should not have a negative effect on the ability for developing countries and their producers to have food sovereignty, build local and regional markets, protect natural resources, add value to their products and by doing so contribute to sustainable development and poverty alleviation. The European Commission Impact Assessment Guidelines recognize that EU policies “can also have unintended economic, social and environmental impacts” and “can affect developing countries in a number of areas”. (The EC guidelines also require that, in the social and environmental areas, the MDG indicators (health, education, food security, environment...) should be used as measurement to carry out the impact assessment on developing countries. European Commission Impact Assessment Guidelines, 15 January 2009 - SEC(2009) 92.)

In this context, we call on the EC 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, whether and how it has taken care of assessing the impact of the strategy on small producers (in particular marginalised producers) and workers in the South.
- In the implementation of the EU2020 strategy, the EC should carry out impact assessments before new policies (draft trade negotiation mandates, other trade
policies) are proposed to measure the impact of the proposed policies on, *inter alia*, small producers (in particular marginalised producers) and workers in the South.

**Question 6. 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?**

The Fair Trade movement has been working for decades towards ensuring that marginalised producers and workers in the South can trade their way out of poverty. We believe that support to Fair Trade should be part of the European Commission toolkit to make trade fairer. As requested by the European Parliament Resolution on Fair Trade and Development (A6-0207/2006), the European Commission should undertake a study to examine how Fair Trade could develop into a model for sustainable EC trade policy which would be capable of stimulating balanced North-South trade.

**Question 7. How can the EU, and in particular trade policy, help to secure a reliable and sustainable supply of raw materials by third countries?**

The policy space for the EU trading partners (in particular in the South) should be respected so that, as to allow them to put in place policies and/or legislation in line with their own objectives. The EU trade policy should not undermine such possibility. For example, the EC raw materials strategy should not restrict the 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. Doing otherwise would potentially not only have serious environmental and social implications. It could result in an obstacle to developing countries to climb up the value chain and transform the structures of their economies.

6. **SUSTAINABLE TRADE**

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

The European Parliament Resolution of 2006 called "on the Commission to establish a contact point within its structure that shall ensure regular coordination on Fair Trade issues between its different services". The then-EU Trade Commissioner Mandelson took up this responsibility. This is important as there are a number of EU policies that can have an impact on the ability for Fair Trade to make a difference (e.g. public procurement policies, consumer policies, EU budget, etc). Therefore, we believe to help ‘support green and inclusive growth around the globe’, a strong European Commission focal point for Fair Trade is needed. Fair Trade is a different way of doing trade, it is not about aid, it is not fundamentally about consumer-assurance issues. It makes sense therefore that the EC Directorate-General for Trade (DG TRADE) keeps the responsibility as focal point. We therefore ask EU Trade Commissioner Mr. de Gucht to ensure that DG TRADE continues being a strong focal point on Fair Trade issues in the European Commission.

We also believe support to Fair Trade should be part of the European Commission toolkit to make trade fairer. This would support ‘green and inclusive growth around the globe’ as Fair Trade principles are fully in line with the sustainable development and poverty reduction objectives as laid down in Art. 3.5 of the new Treaty on the European Union. In its Communication of 5 May 2009 (COM(2009) 215 final) (which focussed on the technical assurance schemes-related side of Fair Trade) the EC already recognised that Fair Trade contributes to sustainable development. As requested by the European Parliament Resolution on Fair Trade and Development (A6-0207/2006), the European Commission should undertake a study to examine how Fair Trade could develop into a model for sustainable EC trade policy which would be capable of stimulating balanced North-South trade.

**Question 11. Given the forthcoming revision of the Common Agricultural Policy and the continuing need to foster a sustainable agricultural sector in Europe, how should EU trade policy develop in this area consistently with the overall objectives of the Lisbon Treaty?**

Trade policy should not be an end in itself but a means towards achieving the wider EU objectives in its relations with the wider world (Art. 3.5 Treaty on the European Union). We believe that the EU 2020 trade strategy should be a tool to reach these overall EU objectives. “Free and fair trade”, eradication of poverty, sustainable development are all part of these objectives. The European Commission should translate these into specific policy measures, especially not turning a blind eye to the addition of “fair trade” as a new EU objective.

The EU has stated the need for supporting small producers to develop and enhance local and regional markets ([An EU policy framework to assist developing countries in addressing food security](#))
Small producers (in particular marginalised producers) in developing countries tend to lose ground in international trade because they cannot compete with highly capitalized, large-scale operations and often they are vulnerable to volatile prices on the international market and ever declining terms of trade of the commodities market. In parallel, workers in large plantations are, after all, the smallest producers of all: they are land-less producers, which makes them even more vulnerable. The EU 2020 trade strategy, as well as the forthcoming CAP, should not have a negative effect on the ability for developing countries and their producers to have food sovereignty, build local and regional markets, protect natural resources, add value to their products and by doing so contribute to sustainable development and poverty alleviation. Small producers (in particular marginalised producers) and workers in the South, should become a key element of measurement whether trade policy is fair or not as they are the ones that cannot benefit from trade liberalization.

For this to be realised there needs to be sufficient and easily accessible finances to small producers to trade fairly. Market access and capacity building are key concerns for producers in developing countries. They need practical assistance in meeting EU standards and requirements and for many marginalised producers pre-financing as provided by Fair Trade is essential to sustain their own living. With its longstanding experience in this field the Fair Trade movement can provide a valuable input into trade and development policy making. We therefore ask European institutions and development agencies to support small producers (as they support European producers with CAP) through:

- Technical assistance (for instance to meet the European SPS standards and rules of origin);
- Capacity building and empowerment programmes;
- Helping the Fair Trade movement in providing pre-financing for producers;
- Assistance in the distribution of Fair Trade products on local markets.

7. INCLUSIVE TRADE

**Question 12. How can EU trade policy ensure that the benefits of global value chains are shared by European producers, consumers and jobholders?**

We believe that the EU 2020 strategy should not only be about European companies’ access to foreign markets. While it is legitimate that a European trade strategy supports the competitiveness of the European industry, this should not be done at the detriment of sustainable development. It is therefore important to promote the principles underlying Europe’s social market economy in the global context. The EC has indicated that “the poverty linkages are not always well articulated in trade development strategies” (European Commission Communication, ‘Towards an EU Aid for Trade Strategy – the Commission’s contribution’ COM(2007) 158 final) The EU 2020 strategy is an opportunity to adequately build these linkages and mainstream the new EU Treaty objectives across all EU trade policies.

The European Union should not miss the opportunity to become the world’s leading advocate for sustainable development. Therefore, any trade strategy should have sustainable development at its heart. This also means sustainable development for third countries. The trade strategy should not hinder third countries’ abilities to achieve sustainable development. This includes allowing countries to create policies that would achieve sustainable development over the goal of open markets.

The EU is the world’s biggest economy and has powerful instruments to set environmental targets, reduce inequalities, and regulate the market. What is needed now is the political will to make a sustainable and fairer EU a reality, with the support of the strong civil society movements that exist.

8. TRADE AND DEVELOPMENT

**Question 14. 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 (MFN) tariffs, which will further be erosion following the possible conclusion of the Doha Round?**

The EU can best strengthen the issue of trade and development in its trade policy by making Fair Trade a part of the EC toolkit to make trade fairer. Fair Trade principles are fully in line with the sustainable development and poverty reduction objectives as laid down in Art. 3.5 of the new Treaty on the European Union. The EU 2020 trade strategy should explicitly recognise that Fair Trade initiatives also work to achieve the EU objectives of making trade fairer. As requested by the EP
Resolution on 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 which would be capable of stimulating balanced North-South trade.

To aid this, a strong EC focal point for Fair Trade is needed. The EP Resolution called “on the Commission to establish a contact point within its structure that shall ensure regular coordination on Fair Trade issues between its different services”. The then-EU Trade Commissioner Mandelson took up this responsibility. This is important as there are a number of EU policies that can have an impact on the ability for Fair Trade to make a difference (e.g. public procurement policies, consumer policies, EU budget, etc). Fair Trade is a different way of doing trade, it is not about aid, it is not fundamentally about consumer-assurance issues. It makes sense therefore that the DG TRADE keeps the responsibility as focal point. We therefore ask EU Trade Commissioner Mr. de Gucht to ensure that DG TRADE continues being a strong focal point on Fair Trade issues in the EC.

Trade policy should not only be about European companies’ access to foreign markets. While it is legitimate that a European trade strategy supports the competitiveness of the European industry, this should not be done at the detriment of sustainable development. It is therefore important to promote the principles underlying Europe’s social market economy in the global context. The EU should not miss the opportunity to become the world’s leading advocate for sustainable development. Therefore, any trade strategy should have sustainable development at its heart.

This also means sustainable development for third countries. The strategy should not hinder third countries abilities to achieve sustainable development. This includes allowing countries to create policies that would achieve sustainable development over the goal of open markets. The EU is the world’s biggest economy and has powerful instruments to set environmental targets, reduce inequalities, and regulate the market. What is needed now is the political will to make a sustainable and fairer EU a reality, with the support of the strong civil society movements that exist. The EC has indicated that “the poverty linkages are not always well articulated in trade development strategies” (COM(2007) 158 final). The EU 2020 strategy is an opportunity to adequately build these linkages and mainstream the new EU Treaty objectives across all EU trade policies.

The fairness of trade should be measured against marginalised producers and workers in the South. The EU has stated the need for supporting small producers to develop and enhance local and regional markets (COM(2010) 127). Small producers tend to lose ground in international trade because they cannot compete with highly capitalized, large-scale operations and often they are vulnerable to volatile prices on the international market and ever declining terms of trade of the commodities market. In parallel, workers in large plantations are, after all, the smallest producers of all: they are land-less producers, which makes them even more vulnerable. Small producers and workers in the South, should become a key element of measurement whether trade policy is fair or not as they are the ones that cannot benefit from trade liberation. The EC Impact Assessment Guidelines recognize that EU policies “can also have unintended economic, social and environmental impacts” and “can affect developing countries in a number of areas”. In this context, we call on the EC to:

- Explicitly explain in the EU 2020 trade strategy how the EC has measured the proposed strategy against the overall EU objectives (Art. 3.5), in particular, whether and how it has taken care of assessing the impact of the strategy on small producers (in particular marginalised producers) and workers in the South.
- In the implementation of the EU2020 trade strategy, the EC should carry out impact assessments before new policies (draft trade negotiation mandates, other trade policies) are proposed to measure the impact of the proposed policies on, inter alia, small producers (in particular marginalised producers) and workers in the South.

The EU 2020 trade strategy should not have a negative effect on the ability for developing countries and their producers to have food sovereignty, build local and regional markets, protect natural resources, add value to their products and by doing so contribute to sustainable development and poverty alleviation.

Market access and capacity building are key concerns for producers in developing countries. They need practical assistance in meeting EU standards and requirements and for many marginalised producers pre-financing as provided by Fair Trade is essential to sustain their own living. There needs to be sufficient and easily accessible finances to small producers to trade fairly. With its longstanding
experience in this field the Fair Trade movement can provide a valuable input into trade and development policy making. Small producers should be supported through:

- Technical assistance (for instance to meet the European SPS standards and rules of origin);
- Capacity building and empowerment programmes;
- Helping the Fair Trade movement in providing pre-financing for producers;
- Assistance in the distribution of Fair Trade products on local markets.

9. ‘SMART TRADE’

**Question 15. What initiatives could the EU take and which EU trade policy instruments could we mobilise to complement and reinforce the ‘smart’ dimension of the Europe 2020 strategy and facilitate trade in high-tech goods and services?**

Fair Trade is “Smart Trade”. It is in the EU’s interest that the world economy be rebalanced. Fast, pro-poor but sustainable growth in developing countries will reduce poverty – and provide markets and resources for Europe. At the same time European consumption and production needs to become more sustainable, given the need to conserve the world’s limited resources. European trade policy should be oriented around these smart objectives. By supporting Fair Trade, this can help in delivery of these Smart objectives.

10. **ENFORCEMENT AND DEALING WITH UNFAIR PRACTICES**

**Question 16. 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?**

The European Commission should not turn a blind eye to the new EU Treaty objective of “fair trade” in Art. 3.5. The DG TRADE website (http://ec.europa.eu/trade/tackling-unfair-trade) could be misunderstood as stating that the only thing that the EC does to prevent unfair trade is linked to: 1) WTO dispute settlement mechanism, 2) Anti-dumping, Anti-subsidy and Safeguards mechanisms, 3) guaranteeing defence rights in trade proceedings and 4) Actions against trade barriers.

The EC 2020 trade strategy “consultation issues” (question 16) strategy refers to unfair commercial practices and gives the examples of distortion of international competition by the payment of unfair subsidies, in cash or in kind, or by dumping practices.

The EU 2020 strategy should clarify that “fair trade” is not only about trading partners simply playing by the rules. The EU 2020 trade strategy should clarify that the meaning of the new EU Treaty objective of “fair trade” cannot be interpreted in isolation with the other overall EU objectives in the EU Treaty and values that the European Union wants to promote, including poverty reduction and sustainable development, both in the European Union and in its relations with the wider world.

11. **AN OPEN APPROACH TO SHAPING TRADE POLICY**

**Question 19. 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?**

The European Parliament Resolution of 2006 called “on the Commission to establish a contact point within its structure that shall ensure regular coordination on Fair Trade issues between its different services”. The then-EU Trade Commissioner Mandelson took up this responsibility. This is important as there are a number of EU policies that can have an impact on the ability for Fair Trade to make a difference (e.g. public procurement policies, consumer policies, EU budget, etc).

Fair Trade is a different way of doing trade, it is not about aid, it is not fundamentally about consumer-assurance issues. It makes sense therefore that the EC Directorate-General for Trade (DG TRADE) keeps the responsibility as focal point. We therefore ask EU Trade Commissioner Mr. de Gucht to ensure that DG TRADE continues being a strong focal point on Fair Trade issues in the European Commission.

**Question 20. Are there additional priorities in relation to trade policy that the Commission should pursue?**
In order to achieve the EU objectives in Art. 3.5 of the Treaty on the European Union, the EC should put in place a wide range of policies. Multilateral and bilateral commercial negotiations play an important part in that, but such government-to-government agreements alone will not achieve those goals. The EU 2020 trade strategy should recognise that trade can be made fairer by using other tools other than government-to-government agreements. The contribution of other DG TRADE policies should be reflected in the EU 2020 trade strategy, as well as EC support to civil-society led initiatives (like Fair Trade).