PUTTING SUSTAINABILITY AT THE HEART OF THE EU’S TRADE AGENDA

EVENT REPORT | APR 2021 - FEB 2022

https://eurac.tv/9TUL

With the support of
The question of how to put sustainability at the heart of the EU’s trade policy, and retain public support for it, has become a vital issue for EU policymakers. So, too, is getting the EU and wider international community to respect their commitments on social, labour and environmental standards.

Yet while respecting human rights and social standards has been an EU objective for six years, progress towards making this a reality has been mixed.

This special report looks at what is new in the European Commission’s trade strategy and how trade unions and civil society groups can be involved in monitoring the implementation and upholding the terms of the EU’s trade agreements.
Contents

Trade policy must be sustainable or lose public support, says Parliament’s trade chief 4
The EU’s path to trade sustainability 6
The EU in Africa: will Member States follow the lead? 8
A new honesty 10
EU lawmakers must put sustainability at the heart of the bloc’s trade policy or risk losing public support for it, says Bernd Lange. And that means having civil society at its heart, adds the German lawmaker who chairs the European Parliament’s International Trade committee.

“Trade is really important for the EU. One out of seven jobs is dependent on trade. But there are a lot of concerns among civil society about the result of trade policy regarding sustainability and increased competition and if we can’t really give an answer to those concerns then we will lose public support for trade policy,” says Lange, who has chaired his committee, one of the most influential in the Parliament, since 2014.

The EU’s trade agenda has been stalled in recent years by growing public scepticism that proposed agreements with the likes of the United States, Canada and South American countries will either benefit corporations or will lead to lower environmental or social standards.

However, Lange says that provisions on such standards have gradually increased.

“There’s no doubt that if you look at EU trade policy of the last fifteen years you can see that step by step there has been improvement,” says Lange, though he concedes that addressing sustainability and social standards in trade agreements “is not in the heart of some traditional trade policy officers inside the European Commission”.

“I guess they have recognised that that it is necessary to stabilise modern trade policy, otherwise we will have
no chance of getting any trade policy measures through Parliament and acceptance from the public,” he adds.

Lange, together with other lawmakers, wants to strengthen the role of domestic advisory groups (DAGs), which connect citizens with trade issues and are tasked with providing advice on all aspects of EU trade agreements.

“It’s very important to have the involvement of civil society. At the end of the day, trade policy has to benefit people on the ground and not single companies. This was the idea behind establishing the domestic advisory groups, and step by step we are learning about how to improve the possibilities.” says Lange.

Measures to help ensure that labour and other human rights are respected in countries with whom the EU has trade agreements form part of the Commission’s EU trade strategy document tabled in May.

They include the promise of new EU legislation on corporate governance and accountability and a law to ensure that products contributing to deforestation cannot be imported in Europe.

The Commission’s trade strategy also proposes the appointment of a chief enforcement officer to deal with complaints in case of violation of labour and other human rights, or environmental abuses happening in trading partner countries.

“I think it’s welcome and it’s really important to have one person or body to whom you can go with your concerns and problems, as well as the access to market platform. We have the guarantee that each case will get a follow up and the possibility of investigation,” says Lange of the enforcement officer post.

“We must make sure that the phrase ‘value based trade policy’ is not just a phrase.”

He argues that DAGs should have the right to make claims and also to demand government consultation in a binding form.

DAG representatives should also be invited to hold regular exchanges of views with the INTA committee.

Lange says that despite facing barriers in many countries without a tradition of social dialogue the DAGs are “already doing a good job”.

“In many countries there are some developments in the direction of a social dialogue as we know it here in Europe,” he adds.

Concerns have also been expressed that the DAGs in some countries lack the resources to do their job.

“We should put some money on the table to finance the possibilities for civil society in these countries, and the frequency of meetings,” says Lange, who adds that his committee recently discussed with the Commission the need to strengthen the role of EU delegations in supporting the work of DAGs.

However, there is a gap when it comes to enforcement and imposing remedies in cases where companies and governments are breaching the standards set out in trade pacts.

Lange has set out his own proposals for a revised model chapter with the Friedrich Ebert Stiftung that would cover sanctions and compensation procedures.

“My proposal was to set compensation for victims. Now we are reflecting more on the idea of company-based compensation,” Lange tells EURACTIV.

“By the end of the year, we will have an understanding with the Commission on what this enforcement process will look like in the future.”

There has been pushback among some countries against the EU’s planned carbon adjustment mechanism, with a number of African states arguing that the proposed levy would hit them disproportionately despite the fact that they are responsible for much lower carbon emissions than Europe.

“Yes, we also have to be fair. The obligations in the Paris agreement are different for the EU and, for example, Morocco and Tunisia, and that affects the carbon border mechanism. At international level we have to be clear and not give the picture that we are being protective,” said Lange.

However, he is clear that enforcing labour and environmental standards is “not just a European idea or imperialistic European view”, pointing out that most countries across the world signed up to the UN sustainable development goals, the International Labour Organisations core labour standards, UN environment standards, and the Paris climate agreement.

“These are universal standards. We are putting our finger on the commitments that countries gave. We want full implementation of these commitments; no more, no less”.

"The obligations in the Paris agreement are different for the EU and, for example, Morocco and Tunisia, and that affects the carbon border mechanism. At international level we have to be clear and not give the picture that we are being protective," said Lange.

"However, he is clear that enforcing labour and environmental standards is "not just a European idea or imperialistic European view", pointing out that most countries across the world signed up to the UN sustainable development goals, the International Labour Organisations core labour standards, UN environment standards, and the Paris climate agreement.

"These are universal standards. We are putting our finger on the commitments that countries gave. We want full implementation of these commitments; no more, no less".
As public support for EU free trade deals is waning, civil society groups are hoping to help tighten the bloc’s standards on trade sustainability as part of an ongoing consultation.

As part of a commitment to a more “open, sustainable and assertive” approach to trade, the European Commission launched earlier this year a consultation focusing on trade sustainability chapters, which is still ongoing.

“The review will cover all relevant aspects of TSD implementation and enforcement, including the scope of commitments, monitoring mechanisms, the possibility of sanctions for non-compliance as well as the institutional set-up and resources required,” the Commission stated.

EU free trade agreements have included trade and sustainable development (TSD) chapters for the last decade. These chapters typically commit the parties to respect international rules and standards related to labour and social rights and environmental protection, including climate. However, public support for the EU’s trade agenda appears to be increasingly fragile.

Concerns over social, environmental and labour standards in EU trade pacts have been drawn into sharp focus by the controversies surrounding the EU’s trade deal with the Mercosur group of Latin American countries.
The deforestation of the Amazon, the intensive agro-industrial model of several Mercosur countries, and Brazil’s weak commitment to the Paris Agreement under President Jair Bolsonaro have resulted in putting ratification of the trade pact on hold.

Meanwhile, civil society groups have complained that the scope of its trade and sustainable development chapter is too limited, and its enforcement mechanisms too weak.

The EU executive has also launched an independent study to compare the different approaches to implementation and enforcement of TSD provisions by EU partner countries in their trade agreements.

In a joint proposal tabled in May 2020, France and the Netherlands called on the EU to raise or lower tariffs according to a partner country’s performance in meeting sustainability obligations. The European Parliament backed this approach and urged the Commission to explore a sanctions mechanism as a last resort.

Disputes under TSD chapters currently rely on a weaker mechanism involving the monitoring by and consultation of a joint TSD sub-committee, civil society domestic advisory groups and a panel of experts.

The EU recently enacted this procedure for the first time as part of the EU–South Korea FTA, citing evidence that Seoul was ignoring labour and social standards.

However, the Commission is increasingly being called upon to strengthen the scope and enforcement of these TSD chapters.

DIFFICULT TO MONITOR

For its part, the European trade union confederation, ETUC, has demanded that EU trade agreements include enforceable labour provisions with sanctions for violations of labour rights as part of the review process.

The role of Domestic Advisory Groups is also a work in progress. The creation of DAGs and Civil Society Forums, supposed to represent business and employers’ organisations, as well as trade unions, social, human rights, environmental and other matters, has been a normal part of an EU FTA for many years.

A recent study by Ghent University and Friedrich-Ebert-Stiftung found that the DAG system still suffers from many deficiencies, not only in partner countries but also within the EU itself.

Although viewed as a way of potentially influencing the direction of discussions between the EU and its trade partners, many of the actors involved in the DAGs criticised the structure for lacking impact.

“Even the mere monitoring of the parties’ sustainability commitments, which is less ambitious than impact, has proved to be difficult,” said Professor Jan Orbie at Ghent University, who has researched the DAGs.

He pointed out that the civil society groupings often lack clear and accountable feedback mechanisms with the European Commission.

In the case of the EU–Vietnam free trade arrangement, in June, the first Trade and Sustainable Development Committee and the first Joint forum between European and Vietnamese civil society were cancelled at the last minute.

The European Economic and Social Committee (EESC), which brings together business leaders, trade unions and civil society, called for an enhanced supervisory role for DAGs across the entire FTA, a guaranteed balanced representation of civil society interests, the ability for DAGs to involve and consult with external stakeholders – and budgetary support from the EU.

Civil society groups have also complained about the low frequency of meetings, and difficulties obtaining information that government bodies are supposed to share.

In the meantime, the Commission – particularly its new Chief Trade Enforcement Officer – is also strengthening the EU’s enforcement regime by establishing a new Single Entry Point that would allow all EU-based stakeholders to lodge TSD-related complaints.

It is also expected to table laws on mandatory environmental and human rights due diligence and deforestation by the end of the year, although this proposal has already been delayed by several months.
2021 could prove to be a special year for Euro-African relations. Since last year’s agenda was essentially postponed, a lot is now on the table: a proposed new partnership, a EU-AU leaders’ summit, and the finalization of the post-Cotonou agreement.

Giovanni Carbone, ISPI and Università degli Studi di Milano.

On assuming office, European Commission president Ursula von der Leyen pledged to lead a more ‘geopolitical Commission’ and called for a ‘New comprehensive strategy with Africa’. This reflected the combination of a long and unresolved search for getting EU relations with the continent right, and Africa’s growing geopolitical and economic relevance.

Europeans need African countries as allies in multilateral forums, as partners in managing migration, and for their emerging market opportunities. Africa, on the other hand, needs Europe as its most relevant trade partner, investor and donor, as well as for its key and direct roles in stability and security efforts across the continent. Besides historical and geographical ties or economic opportunities, some key global issues also invite Euro-African cooperation, most notably migration, climate change, and the fight against violent extremism.
The proposed New strategy, issued in early 2020, emphatically envisages a new ‘political alliance’ for the two sides of the Mediterranean to face common global challenges through joint initiatives – backed as a majority bloc in international forums, where needed – and to strengthen rules-based multilateralism. The call, however, was left hanging by the sudden start of the Covid-19 pandemic.

Still to come are thus Africa’s reactions on the five partnerships suggested by Brussels’ scheme, namely, on green transition and access to energy; on digital transformation; on sustainable growth and jobs; on peace and governance; and on migration and mobility. All mostly build on well-established fields of cooperation – with the partial exception of “green transition” (if strictly related to climate change issues) and the relative novelty of “digital transformation”. Yet there is no lack of contentious nodes, particularly on migration and trade.

Besides the substantive themes, however, there is a recognised need for EU Member States not only to back the EU’s proposal but also to make sure their national Africa policies are in line with it. This is a necessary requisite – prior to the responses that will come from the other continent involved – for strengthening Europe’s approach and favouring its success.

Today, it is not only countries that have long nurtured relations with African states, primarily based on historical ties, that are looking at the region, but many others too. In recent years, a number of European countries have officially adopted an “Africa strategy”, including Germany, Italy, Spain, Sweden and Hungary. Since last month, even Estonia has one: a country of 1.3 million people devised a policy for a continent of 1.3 billion people.

Part of the motives behind this wave of attention are not much different from Brussels’ own reasons for looking south. Yet the fact that individual countries also do so raises the question of the alignment between the goals and initiatives of individual countries and those defined by the Union. To what extent does Brussels and other EU capitals share the same vision and the same operational approach with regard to Africa?

No doubt there is a lot of shared ground, at least in principle, when it comes to issues such as security, sustainable growth or development cooperation. The common view also posits that managing migration – a key subject – requires broadening the approach to include development and security themselves. But variations do exist both in form as in substance.

The priorities that are set, the channels that are chosen, the narratives that are employed are not the same across EU countries. The very extent of attention and interest towards the region varies. For some – particularly France – both are deep and long established. For others it is about rediscovering the area or expanding their relationships with it, they include Germany and Spain, Italy and Hungary. Neither there is a lack of Member States with no identifiable or no active Africa policy. Several smaller or weaker members, such as Croatia, Greece or Romania, fall into this category. Overall, approaches range from dynamic activism and growing ambitions to inertia and disinterest.

Crucially, there are also differences in Member States’ posturing with regard to issues such as green transition, migration, democracy, and sexual and reproductive health rights. On migration, in particular, the policies pursued by Hungary and Poland (and to an extent by the likes of Denmark and the Netherlands) are blatantly less open than those of, say, Spain, Portugal or Sweden. The very range of subjects addressed or included in their policies varies too. Few, for example, touch upon Africa’s digitalization – Germany does – which the EU proposed as one of the five pillars for the new strategy.

As much as Brussels calls for joint, jointly planned or coordinate initiatives, there will continue to be some divisive or competitive issues driving autonomous actions, particularly on the part of the largest Member States (the smaller ones are more inclined to stress and rely on the role of the EU). But deeper, broader and stronger relations between the EU and Africa demands hard and unrelenting work towards developing a genuinely shared direction.
The forthcoming summit of the European Union (EU) and the African Union (AU) must signalise a new beginning. If there is to be a new alliance with Africa, as announced by the French EU Presidency, Europe must, above all, do one thing: be more honest with itself.

Daniela Iller is the Policy Officer of the Friedrich-Ebert-Stiftung and Lennart Oestergaard is the Desk Officer of the Africa Department of Friedrich-Ebert-Stiftung.

The summit, which brings together high-ranking representatives of the European Union and the African Union, has already been postponed twice because of the pandemic. It is now scheduled to take place on 17 and 18 February under France’s EU Council Presidency. The African states have had high expectations of the EU and disappointing them would be a fatal signal, not least because other players are becoming increasingly active on the continent.

In order to “reset” the EU-Africa relationship, Europe must most importantly acknowledge that relations between the two continents have historically always been characterised by asymmetry. The truth, however, is that although a partnership of equals has always been, and still is, talked about, cooperation since the end of the colonial era has often remained entrenched in a donor-recipient mentality, and short-term goals such as averting migration or increasing the turnover of European companies have been given preference over long-term development prospects.

A PROSPEROUS AFRICA IS IN EUROPE’S CORE INTEREST

Europe and Africa are, after all, natural partners, not only because of their geographical proximity. European institutions and member states are increasingly aware that neither continent can sustainably prosper while the other is ailing.

The climate crisis, global health, migration, terrorism, capital flight, attacks on multilateralism, insecure supply chains and unequal access to...
resources are global challenges to which individual countries cannot find answers. A prosperous and stable Africa and close cooperation with the neighbouring continent are therefore in Europe’s core interest.

There is no shortage of initiatives and instruments: for example, Global Europe, the EU’s partnership and development instrument with a budget of around € 30 billion for Africa (2021-2027), the European Green Deal or the Global Gateway Initiative, which aims to mobilise infrastructure investments. These offer extensive opportunities for cooperation with Africa and should be seized and implemented in concrete projects. At the same time, it is important that financial resources are not only reallocated, but substantially increased.

The Global Gateway Initiative in particular gives the impression of mainly being a response to China’s Belt and Road Initiative. What is needed, however, is a European policy approach that really makes people believe that shared interests with African partners are the main focus. Only in this way can the EU achieve the comparative advantage over China and other players that it is looking for. The EU has also failed to recognise and integrate African countries as partners for multilateralism sufficiently.

**WORKING ON PROBLEMS AND CREATING A NEW BASIS FOR COOPERATION**

Breakthroughs must finally be achieved in key areas of European-African cooperation.

In trade policy, the interests of African partners must be taken into greater account at long last. Seeing Africa merely as a supplier of raw materials, investments by European companies that create added value but no jobs and cheap European exports to Africa are all factors that thwart the EU’s development policy goals.

As Africa’s most important trading partner and investor, it is Europe’s responsibility to act. Among other things, this means using EU investment aid not only as a hedge for European companies, but also to create jobs locally. Key measures here are the promotion of African exports, good work, vocational training, local value creation and know-how transfer for the benefit of small and medium-sized African enterprises.

A reformed trade policy also requires the EU to strike a balance between supporting the continent’s economic integration through the African Free Trade Area and maintaining regional partnership agreements (EPAs).

Secondly, a European migration policy based on the Fortress Europe approach must be overcome. Legal migration must be made easier, for example. This is also in Europe’s own interest given the shortage of skilled workers and its ageing societies. Simpler visa procedures, as well as long-term migration perspectives, are just some of the measures needed. It is also important to understand and enable circular migration. Historically, this has been a central feature of the socio-economic structures of sub-Saharan Africa. Too often, EU activities contradict each other. For example, in West and East Africa, where, on the one hand, borders are to be secured and, on the other, mobility promoted.

Thirdly, justified accusations about a “vaccine apartheid” from the South African and Kenyan presidents, for example, call for urgent action. The economic and social consequences of the Covid19 pandemic are also devastating in Africa. Even if it were simply for protection against mutations, efforts to promote the export of vaccine doses and to support the establishment of vaccine production in Africa must be intensified.

Cooperation between the EU and Africa must be guided by the United Nations’ 2030 Agenda and its 17 SDGs. This agenda has shifted the focus away from paternalistic poverty reduction and anchored the responsibility for developmental progress and success in the global North.

Promises without substance will not bring about the demanded – equal – partnership. At the AU-EU Summit and in all future cooperation, the EU should not so much formulate unilateral offers, but rather work on ideas jointly with the African partners from the very beginning, based on needs. This would be an important innovation in the European-African relationship. A relationship that no longer allows for an unlimited number of “new beginnings”.