



EUROPÄISCHES PARLAMENT

■ EUROPÄISCHES PARLAMENT
ASP 12 G 201, Rue Wiertz
B-1047 Bruxelles

Telefon +32 (0)2 28-47555
Fax +32 (0)2 28-49555
bernd.lange@europarl.europa.eu

■ EUROPABÜRO
Odeonstraße 15/16
D-30159 Hannover

Telefon +49 (0)511.1674-210
Fax +49 (0)511.1674-262
mail@bernd-lange.de

■ www.bernd-lange.de

Making globalisation fair - My contribution 2014–2019

We live in a globalised world. Globalisation brings both opportunities and challenges. I want globalisation that brings about more sustainable development. Our global village needs sound rules so that the positive effects of globalisation can be harnessed. People often feel helpless and uncertain about the future. Moves towards renationalising policy-making and towards protectionism are increasingly common. Giving free markets a free hand is precisely what is preventing us from shaping globalisation. I advocate intervening and regulating when that is necessary to rule out exploitation and unfair competition. A progressive and proactive EU trade policy is an important tool for shaping globalisation. There must furthermore be a trade policy response to what are the two most radical changes of recent times:

(a) Nowadays, production is organised in global value chains. For the most part, individual countries no longer trade finished products; rather, products cross borders many times during the manufacturing process, and production networks extend over many countries. Today, global production chains cover 70% of external trade.

(b) Common standards, regulatory cooperation, climate change mitigation, consumer protection, the environment and working conditions are today all important new areas to be factored into trade policy. On this there must be no retrograde compromises; the old free-trading ideology must be rejected. The collapse of the Rana Plaza factory has done more than any other event to open the eyes of the public to the downside of unregulated globalisation and a misconceived free-trading policy.

(1) Increasing transparency

Today, accordingly, trade policy affects entirely new areas about which there is much more public debate than about tariffs. Transparency is therefore an absolute imperative; an intensive debate with civil society is equally so. In that connection, I have secured acceptance for vital improvements: access to EU negotiating documents is markedly better, all MEPs have equal and full access to them, EU negotiating proposals are now posted on the website, minutes of

negotiating meetings are made public, and a standing civil-society advisory group has been set up, among a host of other improvements.

(2) Human rights, workers' rights, environmental standards and the Paris Climate Agreement are components of social democratic trade policy

Together with other social democrats, I have successfully fought for mechanisms in international trade agreements that enable the EU to gradually improve working conditions in non-EU countries. That includes recognition and implementation of the International Labour Organisation's eight core labour standards. As far as I am concerned, it also goes without saying that fair trade means complying with basic environmental safeguard standards and acting on the Paris Climate Accord in trade agreements. Not only must trade agreements enshrine core principles; they must also be genuinely enforceable. On that I have prompted a debate and submitted a model chapter. What we have to do is to rigorously make the sustainable development goals agreed internationally in 2015 part of trade policy and provide binding enforcement mechanisms for them.

(3) As a matter of principle, trade is in our interest

Accordingly, it is in the EU's interest to trade with countries; that is part of what makes us prosperous. EU citizens benefit from the greater choice of goods available to them. Products are made affordable also by the fact that they are produced in global value chains. The fact that goods and services can be sold outside the EU, and the EU is integrated into the international labour market, creates and protects jobs. Much of what we manufacture is dependent on precursor products from outside the EU. Trade is therefore part of industrial policy; it is not an end in itself. How we can interlink industrial policy and trade policy is something I have detailed discussions on with trade unions. In the EU, 31 million jobs depend on trade; and, on average, pay rates in the sector are 16% higher.

(4) Opposing unregulated globalisation and power play displays

Given what is happening in the world, globalisation must be made more multilateral and more rules-based. Instead of being in an age of enlightened multilateralism, we find ourselves - regrettably - in a period in which self-interest is prompting countries to go it alone. A case in point is the chaotic and volatile approach of President Trump, who has taken a ruthless 'America first' line at the expense of longstanding partners, including the EU and Japan, but also weaker countries. In addition to revoking accords, Trump is forcing the renegotiation of existing agreements, solely in the interests of the US, and is actively undermining the multilateral trading system of the World Trade Organisation (WTO). Increasingly, Trump is creating uncertainty, his actions motivated solely by domestic considerations and based on the notion that he can force concessions by applying pressure and making threatening gestures. That is not acceptable, and I categorically oppose it.

(5) WTO reforms

Since its inception in 1994, the WTO has been writing the rules governing international trade and has considerably simplified it. Nonetheless, criticism of the WTO is not unwarranted. Major

concerns of developing countries have not yet been acted upon, and nothing has been done to address emerging issues such as e-commerce, cross-border data flows and the fight against corruption. International sustainability objectives, including the gender dimension, also have to be incorporated into the rulebook. In my capacity as rapporteur on the WTO and Co-Chair of the Steering Committee of the Parliamentary Conference on the WTO, I am committed to such reforms. Developing countries must be involved more in negotiating and implementing WTO rules, for which they need targeted support to expand their analytical, negotiating and implementation capacities.

(6) Sound bilateral agreements

Regrettably, there is no sign at present that much progress is achievable on a multilateral basis on reaching agreement on important issues. Bilateral trade accords therefore remain important instruments - though social democrats regard them as a second-best solution - for fleshing out a fair trading regime and for negotiations with partner countries on a host of important issues going beyond what the WTO currently can do. Those issues include workers' rights and environmental protection, as well as recognition of international standards such as those issued by the UN Economic Commission for Europe for motor vehicles, food safety and voluntary cooperation on future regulatory issues. In that connection, high consumer protection standards and secure public services represent fundamental, irrevocable principles.

In my capacity as European Parliament rapporteur I secured acceptance - during the debate on a possible agreement with the US (TTIP) - for a comprehensive policy stance on bilateral agreements - a process involving 3 000 amendments that I coordinated. Ultimately, the European Parliament adopted a resolution bearing strong social-democratic hallmarks and containing more than 50 detailed recommendations. Accordingly, standards must not be lowered; democratic oversight has been strengthened; workers' rights must be protected, and public services must be safeguarded. That policy line is now the benchmark for the European Parliament's approach to all bilateral accords.

As a result of social democrats' work, including keeping a close eye on the negotiations at every stage and producing documents to supplement the text, the EU's agreement with Canada (CETA) meets our requirements to a very large extent.

The Japan-EU Economic Partnership Agreement also contains key components of social-democratic trade policy: for instance, action to implement the Paris Climate Agreement has been set out in a trade accord for the first time.

A possible agreement with Vietnam may provide an opportunity to back progressive actors in the country and kick-start far-reaching, positive changes. The agreement is perhaps the last opportunity for reform in Vietnam - reform that is undoubtedly necessary - especially as regards the human rights situation. Through my work I have helped prompt reform of Vietnamese labour legislation which for the first time, for workers in the country, holds out the prospect of independent trade unions. Vietnam furthermore has a highly dynamic economy and is a major hub in South-East Asia.

(7) No more private investment-dispute settlement procedures

Working with other social democrats, I have resolutely opposed private arbitration panels, which are not transparent, and, in the face of fierce resistance, I have secured acceptance for refocusing European investment policy.. In the long term, we are committed to the establishment of a multilateral arbitration tribunal with an appeal chamber and independent judges. With my close personal involvement, we social democrats even managed to secure inclusion of those provisions in CETA after it had been negotiated.

(8) Powerful anti-dumping laws

In order to counter unfair commercial practices and protect EU industry against unfair competition, the European Parliament completed work in 2017 on two important items of legislation on trade defence instruments. I led the European Parliament's negotiation team. In that process, a method was developed to show when, through artificially low prices, trading partners seek to force ruinous competition onto our industry (dumping). At the same time, our trade defence procedures were thoroughly modernised. In future, the EU can combat dumping and subsidy abuse more quickly, more effectively and more transparently, ensure fair play and provide better protection for core components of European industry, such as the steel sector. What is especially important is that at the global level, for the first time, we social democrats have ensured that, in future, failure to observe workers' rights and environmental standards will be regarded as forms of dumping.

(9) Stringent export controls

In my opinion, what we export to partner countries must be in line with our values. That approach is reflected in two new items of EU legislation. Accordingly, there will be strict export controls in connection with dual-use goods, including information and communications technologies, which have military applications, can be misused to violate human rights, and have civil applications. A ban on exports of 'torture goods' has been enshrined in EU law since 2017, i.e. tasers, GPS-capable leg restraints and drugs for use in executions. I was very much involved in both items of legislation. In future, this approach should also be taken to ensuring a coordinated and very restrictive arms export policy throughout Europe.

(10) Fair raw-material sourcing and value chains

Businesses turn a blind eye to the fact that raw materials for their products such as smart phones, high-tech and electrical equipment, and parts for the automotive, aviation, packaging, construction and lighting industries, but also for gold jewellery, are to some extent mined and marketed in inhuman conditions in conflict regions. To break the link between the insatiable demand for raw materials and conflict funding, the European Parliament has secured acceptance of binding due-diligence obligations for firms and in doing so - in a process I was instrumental in - has done what social democrats were demanding. In future, importers of minerals such as tin, tungsten, tantalum and gold must certify that their provenance is ethically beyond reproach. That legislation can be but the start of a process of taking European trade policy in a new direction. In addition to fair trade agreements, we want to make production that is organised in global value chains fair. Accordingly, the next thing we want to achieve is to render the value

chain for textile production subject to binding due-diligence requirements and then focus on electronic equipment. However, trade policy can only make a modest contribution towards more firmly embedding sustainability within the global production set-up. Above all, partner countries must be strengthened so that they can tighten up and enforce their own laws. To enable them to do so, the International Labour Organisation, which helps to enforce trade union rights across the world, must also be strengthened.

(11) Fair trade

The fair-trade movement was the first movement to call for social and subsequently environmental objectives, too, to be incorporated into trade policy; and its own actions in this connection have been exemplary, taking the form of local fair-trade projects directly improving people's lives. We therefore want to strengthen the fair-trade movement further. By way of support, we have developed a dialogue between the fair-trade movement and local EU representations and have encouraged exchanges of good practices. Working with the fair-trade movement, we successfully campaigned for the introduction, in 2018, of a fair-trade city award and that this award will become a permanent feature. Our congratulations go to the city of Ghent. We trust that this will be an incentive for many other cities in Europe to show greater commitment to fair trade.

(12) Fair terms of trade for less developed countries

I am fighting for a trade regime that is conducive to sustainable development in poorer partner countries. In doing so I have five specific objectives. Firstly, more vulnerable countries must be given genuine access to the EU market. We social democrats have therefore supported completely free market access to the EU; this has been achieved for the least developed countries as part of the Everything But Arms initiative, and for the African, Caribbean and Pacific developing countries under Economic Partnership Agreements (EPAs). Secondly, trade agreements with more vulnerable countries must take into consideration their current level of development and future development trajectory. EPAs are therefore asymmetrical: partner countries open up their markets only partially, and have policy leeway to pursue industrial development and food security; agricultural products are therefore excluded. Thirdly, countries must be given support so that they can also exploit new trading opportunities and meet European standards (Aid for Trade). Fourthly, the implementation of trade accords must be reviewed so as to ensure that there is no negative impact. Provision is now made for such monitoring arrangements in connection with all accords. And, fifthly, adjustments must be made to agreements if problems emerge when they are implemented, e.g. if small-scale agricultural producers are crowded out by EU competitors. We social democrats are pressing for the necessary action to be taken in practice.

The EU's generalised system of preferences (GSP) affords all developing countries improved EU market access to a limited extent, with no quid pro quo, and as such is intended to boost sustainable development there. Developing countries that meet certain political criteria and prove that they do so by ratifying all 27 international conventions on human rights and labour rights standards enjoy additional tariff advantages (GSP+). That system must be made more incentivising, and actual implementation must be verified more effectively. Because of our

commitment, particularly in the case of Pakistan, a better monitoring system has already been introduced (scoreboard).

Unilateral preferences are not unconditional. Gross violations of human rights and of labour and environmental standards may result in the loss of some or all preferences. We have made sure that the European Commission is now taking action along those lines and has launched investigations on Myanmar and Bangladesh.

Much remains to be done!

Change has been brought about in many areas, albeit only within the bounds of what political majorities have allowed. A more stringent enforcement regime is needed for bilateral agreements, for instance, so as to address any violations of workers' rights or environmental standards. Social-democratic trade policy seeks to achieve more, and it can only be successful through interaction with other policies. For example, pressure on global markets would be considerably eased if the EU's agricultural policy were guided more by sustainability considerations. Stricter rules on subsidies for industry would permit a more level playing field. A robust social policy must be brought into play to counter the uncertainties and offset the losses that are a consequence of globalisation in the EU. Trade policy can only do so much. We social democrats must continue our efforts.

Bernd Lange, MEP

Chair of the Committee on International Trade (INTA)