



## **ACT Alliance EU submission to EU Trade Policy Review September 2020**

### *Introduction*

*The proposed Farm to Fork Strategy addresses some of the urgent challenges in global and European agriculture and food systems. The inherent contradiction must be addressed: The EU remains driven by an approach aimed at making European agribusiness competitive on global markets. This contradicts the intention to reduce Europe's climate footprint and is at odds with growing initiatives and demand for healthy and diversified food accessible through shorter supply chains.*

*The Farm to Fork Strategy calls for reviewing international trade relations to make food systems sustainable and fair, including by addressing increasing market concentration as well as the food systems externalities. Concretely, spelling out the external dimension of the F2F Strategy, the proposals are to realize the Right to adequate Food, implement the UN Declaration on the Rights of Peasants and Other People Working in Rural Areas, or to address measures to improve the working conditions of farm workers globally and the income of small-scale farmers that are part of international food supply chains or ensure that the precautionary principle is included for all food safety requirements.*

### **1-How can trade policy help to improve the EU's resilience and build a model of open strategic autonomy?**

We call for:

- Revisit EU policies such as trade and investment policies that put undue and perverse incentives on the exploitation and destruction of natural resources and land use in developing countries, undermining farmers' aspirations to transit towards agroecological food systems.
- Revise tariff liberalisation in EU trade deals that lead to increased EU exports of dairy and meat products and undermine sustainable farming practices and advantage cheaper, industrialised meat.
- Review trade rules to allow effective trade defense measures in trade deals to build supply capacity and protect territorial markets for agroecology.

- Exclude UPOV 1991 - the International Union for the Protection of New Varieties of Plants, in trade agreements not to undermine peasants' rights to save, use, exchange and sell their own seeds. Instead include references to UNDROP – the UN Declaration on the Rights of Peasants and Other People Working in Rural Areas, and re-establish landraces for population seeds on farm.

**Question 3: How should the multilateral trade framework (WTO) be strengthened to ensure stability, predictability and a rules-based environment for fair and sustainable trade and investment?**

A 2019 CAP analysis suggests that EU agricultural *production is higher* and *exports larger* as a result of CAP subsidies. This is particularly significant in sectors where the EU plays a dominant role and markets are sensitive to even small surpluses. In particular in vulnerable developing countries.

We call for:

- Revise WTO green box subsidy criteria to ensure that EU agricultural subsidies are not trade distorting, don't undermine smallholder's livelihood prospects in third countries and do no harm.
- The EU should opt for ambitious crop rotation in CAP measures which is likely to be found Green Box-compatible, and less likely to face a successful legal challenge under a Green Box notification. We suggest a strong criterion upholding the beneficial practices of crop rotation and diversification, the impact of which should be calculated amongst others through the Agrobiodiversity (or Crop Diversity) Indicator, and the Pollinators Index. A strong crop rotation requirement would require a minimum four years rotation with leguminous crops and avoid bare soil.

**Question 4: How can we use our broad network of existing FTAs or new FTAs to improve market access for EU exporters and investors, and promote international regulatory cooperation particularly in relation to digital and green technologies and standards in order to maximise their potential?**

We call on the EU to take a more pro-active approach on international sustainability standard setting:

- Address power asymmetry and bias in international standard settings on sustainability.
- Define and set minimum requirement for sustainability through binding supply chain regulation. (This must include sustainable economic conditions, i.e. living income and

wages.)

- Refer to Art 11 of ICESCR – international covenant on economic, social and cultural rights, to make it an enforceable right in the EU.
- Strengthen the regulatory framework on sustainable food systems and define and set minimum requirements for supply chains. This could be done within regulation on supply chains (including respecting minimum and living wages and combating undesirable trade and management practices) and more effective use of competition policy instruments. Governments could also create framework standards for specific markets spelling out the minimum requirements for the supply.
- All companies and standard organizations applying Voluntary Sustainability Standards must incorporate the provisions of the UN Guiding Principles on Business and Human Rights and fully satisfy their Nation Action Plans in the involved countries of the global value chain.
- This should be accompanied by forums of national stakeholders including the governments, that are subject to a global framework to guide how international standards are adapted to national and local conditions.

**Question 5: With which partners and regions should the EU prioritise its engagement? In particular, how can we strengthen our trade and investment relationships with the neighbouring countries and Africa to our mutual benefit?**

There is a need to address the fundamental contradiction and tension in EU-Africa agricultural trade and investment relations, namely: the tension and contradiction between the growing attraction of Africa as a market for an increasingly globally orientated EU agro-food sector and the potential which rapidly expanding African food demand creates for the structural transformation of Africa agriculture and agro-food processing sectors.

Trade policy needs to ensure effective monitoring of EU agricultural exports in particular on African markets and farmers livelihoods and assess its impact on the SDGs.

EU Trade policy needs to enhance the local development impact of agricultural sector development in terms of livelihood opportunities and job creation in 3rd countries and which promotes 'strategic autonomy' in agri-food product sectors, given the profound disruptions of food supply chains which the Covid-19 pandemic has given rise to.

We call for:

- In order to ensure trade is supportive of a sustainable development strategy, more emphasis must be put on diversification and on value addition in beneficiary countries;

and on avoiding perverse incentives of trade preferences that may cause harm to the attainment of the SDGs.

- EU Duty Free Quota Free preferences should not be granted to individual LDCs only but to the entire regional configuration they are part of. We argue that most Developing Countries in Africa share similar socio-economic challenges as their neighbouring LDCs. The current eligibility criteria to qualify for EBA is purely based on a 'nominal' category of a LDC status while omitting the real empirical economic situation in a region that share similar challenges. We welcome and support suggestions to consider Sub-Saharan Africa as a region eligible for EBA.
- Reconsider the use of World Bank criteria applied to individual countries only and to consider calculating an aggregated average income level across those individual countries that are part of an existing custom's unions such as e.g. ECOWAS
- The selection of preferential access for agricultural food products should be guided by the strategic economic interests of developing countries own processing and value addition industry. Currently, those products of most important strategic interest for value addition do (often) not qualify for DFQF access due to rules of origin. We suggest that revised rules of origins should allow for cumulation across different GSP schemes (GSP, GSP plus, EBA). In the same line, we suggest improved rules of origin should allow for cumulation for LIC and MIC in the preference systems, which includes GSP and EPAs. This is essential to support regional and intra-regional supply capacity and trade particular in Africa. (See ACT Alliance EU submission to EU GSP consultation, July 2020)

**Question 7: What more can be done to help SMEs benefit from the opportunities of international trade and investment? Where do they have specific needs or particular challenges that could be addressed by trade and investment policy measures and support?**

We support the call of over 100 civil society organisations and networks have joined today civil society call for the European Commission to develop corporate accountability legislation requiring companies to respect human rights and the environment in their global value chains and operations (see [link](#)).

**Question 8: How can trade policy facilitate the transition to a greener, fairer and more responsible economy at home and abroad? How can trade policy further promote the UN Sustainable Development Goals (SDGs)? How should implementation and enforcement support these objectives?**

We ask for the EU to engage in developing a general framework on Sustainable and Resilient Food Systems. The mix of hard and soft law is something the EU is already looking into with increasing interest in other sectors. The suggestion is for a co-regulatory function of the EU on the Voluntary Sustainability Standards for food that addresses the international dimension and all stakeholders and actors in the food chain and its functioning within a sustainable and resilient food system; ensuring that small-scale food producers in developing countries are benefitting from the increasing EU demand for sustainable food. Omitting the international dimension means ignoring a major part of the actors, of the problems and of the solutions. (See [link](#)).

**Question 9: How can trade policy help to foster more responsible business conduct? What role should trade policy play in promoting transparent, responsible and sustainable supply chains?**

We ask for:

- The EU should develop strong legislation to ensure products placed on the EU market such as soy, palm oil, rubber, maize, beef, leather and cocoa are free from deforestation and human rights violations. The legislation should result in companies exercising due diligence such as risk assessment (continuously assess the forest and ecosystem risk in their supply chains and take action on risks and impacts identified), and ensure ongoing obligations of monitoring and duty of vigilance.
- Identify and support investments that are aligned with international human rights, climate protection, and SDGs, and reorienting investments towards sustainable development that respects these standards, while ensuring that the priorities and needs of marginalised persons are met.

**Question 10: How can digital trade rules benefit EU businesses, including SMEs? How could the digital transition, within the EU but also in developing country trade partners, be supported by trade policy, in particular when it comes to key digital technologies and major developments (e.g block chain, artificial intelligence, big data flows)?**

We have to make even more efforts to make the digital transformation sustainable and inclusive, meaning that it will be suitable to the needs of the people as well as respecting the planetary boundaries in terms of raw material use or energy consumption.

We ask for:

- Reaffirming the need for an effective data privacy framework as well as all security matters, EU trade policy shouldn't interfere with the right to regulate.

- Data sovereignty, localization obligations, open source code or data protection should be subject to a public debate and be determined in a parliamentary sphere not in trade agreements.
- Sustainable digitalization has to take human and environmental rights into focus.
- Trade policy can offer opportunities but should not interfere with the regulatory sphere.

**Question 12: In addition to existing instruments, such as trade defence, how should the EU address coercive, distortive and unfair trading practices by third countries? Should existing instruments be further improved or additional instruments be considered?**

We ask for:

- Maintain and enhance flexibility in the interpretation and application of EU trade agreement provisions dealing with the use of non-tariff trade policy tools and safeguard instruments for ACP countries. Taking into account the trade consequences of the deployment of CAP instruments.
- Support and promote local structural development strategies in place before enforcing any trade rules in ACP countries.
- Set up functional platforms with development minded people to accompany by monitoring observatories, and complaint mechanism open to CSO and affected communities.

**Question 13: What other important topics not covered by the questions above should the Trade Policy Review address?**

We ask for:

- Support to Formal Complaint Procedure that can be used by NGOs, affected communities and the public under any EU trade regime. (See [link](#)).