



Trade and development: Towards more policy coherence

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- EU trade: sustainability clauses (environmental, social, labour)
 - with developing countries: development objectives
 - E.g. Economic Partnership Agreements (EPAs) with ACP countries
 - Aid for Trade
 - Private sector finance and investment & partnership (e.g. Sustainable Business for Africa – SB4A)
 - Policy dialogues
- ⇒ EU efforts towards policy coherence of approach
- ⇒ e.g. Value chain approach: trade opportunities, job creation, sustainability, B2B, investments, targeted policy dialogue/regulatory reforms

EU trade and aid coherence

Linking aid from the EU institutions/EC aid and EU member states (EU MS) to trade and NTPO

- Positive correlation between EU MS and EC aid allocations (stronger for France and Germany)
- mixed evidence of the complementarity between aid policy and trade policy
- Stronger alignment of EC aid with trade:
 - in potential future EU accession countries
 - EC aid to EPA particularly focused on the sustainable development objectives (not the case of EU MS aid)
- EU aid in GSP+ countries, more focused on the sustainable development objectives than for GSP countries
- More EU environment-related aid in countries with deeper environmental provisions in EU FTAs



UKTPO
UK TRADE POLICY
OBSERVATORY

US
UNIVERSITY
OF SUSSEX

Source: Holmes et al. (2019), Sussex work RESPECT

Trade and aid: politics, ownership, flexibility

- Trade agreement is no substitute to domestic reforms dynamics: at best, it can accompany and support, but cannot be a driving force:
 - Reformist countries take advantage, resisting countries cannot be bought in
 - case of Mauritius: structural reforms; social inclusion support before hard economic impacts of adjustment (e.g. sugar)
- Trade and development cooperation are linked
 - NTPO provisions can be an entry point, but not always needed: e.g. FLEGT (Forest Law Enforcement, Governance and Trade) and Voluntary Agreements (Ghana; Cameroon)
 - Highly structured aid frameworks might hinder flexibility: e.g. EPA support in West Africa vs. Botswana
- Build on domestic incentives & national and regional nexus
- Be more open on own interests and better link trade to investments:
 - Private sector engagement
 - Investment: External Investment Plan (blended finance, DFIs, guarantees; TA; policy dialogue)
 - Investment facilitation

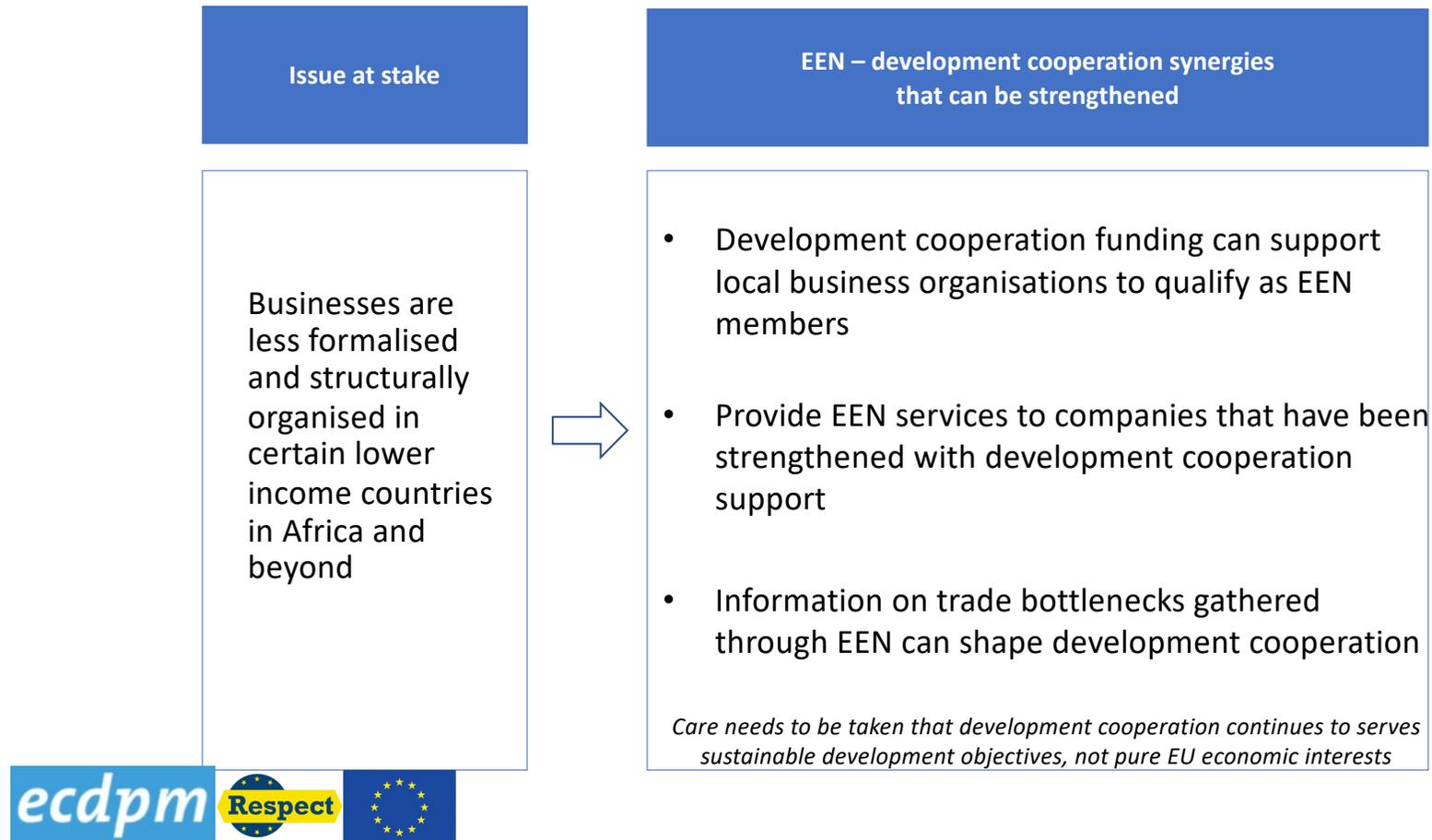


Linking trade and investment promotion to sustainability: the case of EEN

- Enterprise Europe Network (EEN), EU trade promotion and sustainable trade policy objectives:
 - = ensure that EU enterprises, including SMEs, can make the most out of growth markets outside the EU**
- **Recommendations:**
 - continue to be extended to more countries outside the EU, including Africa (e.g. synergy with Sustainable Business for Africa - SB4A)
 - seek stronger social and environmental-related criteria and support
 - Collect feedback to inform the design and implementation of trade-related policies in the EU and third countries
 - Use aid as a lever (e.g. to address capacity constraints)



Development cooperation as a lever



Civil society dialogues and consultation

- EU has well-established mechanisms
- For EU FTA: Domestic Advisory Groups (DAGs) and Consultative Committee
- Frustrations by many DAG members on objectives and functioning of DAGs
- Recommendations to improve DAGs

Area	Recommendations
Composition	Develop good practice guidelines for DAGs and joint civil society fora
	Encourage creation of independent, representative civil society mechanisms
Scope	Identify concrete TSD priorities to help DAGs to focus and gather information
	Create DAG sub-groups for specific sustainability dimensions where feasible and valuable to stakeholders
Organization	Include text in trade agreements to ensure that civil society dialogue mechanisms have a sustainable stream of resources
	Enhance synergies with development cooperation instruments, including civil society roadmaps to support their engagement
	Conduct more frequent meetings using virtual tools
	Create thematic groups to communicate across DAGs
Channels of input	Reporting mechanisms and presentation of DAG views in meetings of the TSD committee
	Strengthen engagement between CSOs and relevant EU actors beyond DG-Trade
	Establish a complaint mechanism that is open to civil society
	DG Trade Chief Trade Enforcement Officer to engage with DAGs and CSOs more broadly

Other key findings

- capacity of domestic institutions in partner countries to implement non-trade provisions is a key determinant of non-trade outcomes
 - ⇒ TA, aid and policy engagement
- EU MS policy instruments to support enterprises (e.g. enterprise networks, trade promotion organizations and export credit agencies) complement EU-level trade policy mechanisms
 - ⇒ transparency, synergies
- Uncertainties around the GSP(+) duration and inconsistencies in sanctioning measures reduce its effectiveness
 - ⇒ set a stable, transparent GSP framework with clear procedures

Thank you!

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