

TRADE

Defence of Trade

EU remains focused on progressive trade policies, transparency

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Transparency, as well as balanced, inclusive and progressive trade policies remain top priorities for the European Union (EU) Commission as it shifts its trade approach in an ever-changing world to harness globalisation fairly.

In recent years, global trade has come under immense negative scrutiny and is the target of much frustration against the background of trade agreements forged over the decades worldwide that have not benefited as many people as they were meant to, said European Union Commissioner for Trade **Cecilia Malmström**.

Speaking at a South Africa-EU discussion hosted at the University of the Witwatersrand, Malmström explained that globalisation had been a good thing, as it had connected people, technology and innovation, with many benefits emerging from trade.

"No country has been able to develop without trade," she emphasised.

Malmström conceded, however, that, while global trade had assisted millions of people out of poverty, promoted economic growth and supported the development and creation of ideas, technology and innovation, it was also true that not everybody had benefited equally from global trade.

This was more the result of challenges faced by societies at national level, including ineffective social policies, among other obstacles.

Still, Malmström believes that effective trade and investment policies at EU level can play an important role in globalisation.

"In the modern global economy, trade is essential for growth, jobs and competitiveness, and the EU is committed to maintaining an open and rules-based trading system," Malmström commented.

It further aims to lower or remove barriers

to trade with other countries and regions and to deliver a trade policy that is transparent and responsible, benefits all citizens and provides modern solutions for the "realities of the current economy" in the midst of technological change.

In line with this, the EU Commission two years ago embarked on a proposed new trade and investment strategy for the EU dubbed 'Trade for All: Towards a more responsible trade and investment policy', which is built on five initiatives that aim to deal with any gaps and loopholes.

"Through our EU trade strategy, we pursue a fair and effective trade and investment policy based on our values. History has taught us that closing our borders to trade and reducing cross-border investment can have disastrous outcomes. We want to protect citizens, but we do not want to be protectionist," Malmström said.

In implementing some of the proposals, the EU has reached a political agreement with Japan, and is about to make the EU-Canada agreement effective, while negotiations continue with several other partners, including Mexico. This deal is expected to be concluded imminently.

The proposals also include the creation of a European screening framework to ensure that foreign direct investment does not compromise the EU's strategic interests when it comes to security and public order. They also include draft mandates to open trade negotiations with Australia and New Zealand.

The agreements will build on the recent successful agreements with Canada, Vietnam and Singapore, as well as Japan, expanding the "alliance of partners" committed to progressive rules for global trade.

Further, to ensure that the EU's trade policy



CECILIA MALMSTRÖM

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is "the most transparent and inclusive in the world", the commission has established an advisory group on EU trade agreements to engage with civil society and obtain different perspectives and insights from stakeholders such as trade unions, employer organisations, consumer groups and other nongovernmental organisations.

Further, progress, albeit slow, is being made in the potential establishment of a draft mandate to start negotiations towards the creation of a multilateral investment court for the settlement of investment disputes.

This is expected to be another step towards creating a more transparent, coherent and fair approach to deal with company complaints under investment protection agreements.

Examples of how trade can be value-based and responsible, as well as how it can shape globalisation, include "unprecedented transparency", as the commission plans to publish all its recommendations for negotiating directives for trade agreements.

"When they are submitted to the European Parliament and the council, those documents will in parallel be sent automatically to all national Parliaments and will be made available to the general public. This should allow for a wide and inclusive debate on the planned agreements from the start," the EU Commission assured. ■

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The South African Bureau of Standards, which has been appointed to verify local content in relation to the so-called '10-64' locomotive contract, has confirmed that it has not yet conducted any audits, with funding being the main sticking point.

"I continue to extend an invitation to anyone who believes that supplier development is not taking place to go to our manufacturing facilities and to come in and talk to us. "We have more than 26 different suppliers that are supplying the differing

original-equipment manufacturers (OEMs) with components and about six of those have now been absorbed into the global supply chains of some of the OEMs," Gama said.

Earlier, CFO **Garry Pita** said that Transnet's supplier-development contracts currently totalled R134-billion, of which there was R62-billion in supplier development obligations. To date, there has been R32-billion in delivery since the initiation of the programme.

"We have a 'top-down' and 'bottom-up'

approach. Bottom-up, we look at preferential procurement and enterprise development, and top-down, we have our Competitive Supplier Development Programme, where we work with suppliers and customers to help develop small businesses as part of our supply chain," Pita explained.

In future, Transnet will be combining its enterprise supplier development and corporate social investment strategy to set up 'megahubs' to support new entrepreneurs and create black industrialists. ■