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STEPS

to Sustainable and Fair Trade





INTERNATIONAL TRADE affects people's lives all around the world. With well-designed policies and regulation trade can support well-being, create jobs and spread know-how as well as promote international cooperation and sustainable development. On the other hand, poorly implemented trade policy may have negative effects both at the global and local levels. In the global economy we should have common and shared trade rules that are coherent with both the Sustainable Development Goals of Agenda 2030 as well as international human rights commitments.

Currently, the trade policies of both the European Union and Finland, as well as the rules governing international trade, contradict the principles mentioned above. For example, international trade agreements are typically enforced with sanctions while human rights and environmental agreements are not. Therefore human rights and environmental sustainability may be overshadowed by corporate and investor interests. It is also problematic that negotiations concerning trade agreements are still not open and transparent, even though the agreements impact societies, politics and people's everyday lives in many ways.

Trade should not be based on short-term profit-seeking at the cost of the Earth's ecological limits, human rights and the possibilities for future generations to make a living. Instead we need trade politics and policies that serve the realization of human rights, elimination of poverty, creation of decent jobs, environmental protection and more sustainable means of production and consumption.

In this common vision created by Finnish NGOs and trade unions we present ten steps towards more sustainable and fair trade. We hope that these principles and recommendations will inspire discussion about the direction of Finnish and EU trade policies as well as the development of international trade rules.

1

PRIORITIZING COMMITMENTS TO HUMAN RIGHTS AND ENVIRONMENTAL PROTECTION



The EU and its member states must implement international human rights commitments and sustainable development principles as their primary duty. The starting point for trade policies should be that trade and investment agreements that conflict with international environmental and human rights commitments will not be negotiated. If conflicts appear between trade agreements and commitments related to environmental protection or human rights, the trade agreements must be interpreted as subordinate.

2

DEMOCRATIC AND TRANSPARENT NEGOTIATIONS AND DECISION-MAKING PROCESSES



Negotiation processes regarding trade policies and trade agreements should be open and transparent.

The EU's negotiation mandates for trade and investment agreements should always be subject to open and democratic examination both nationally and at the EU level. Different stakeholders should be able to take part in and influence the negotiations during different phases of the process. Also, civil society should be able to participate in pre-hearings as widely as possible.

International trade needs common rules that have been agreed upon by all the countries of the world. The starting points for these rules must be the rule of law, pluralism, democracy and socially and ecologically sustainable development. Promoting worldwide multilateral agreements should be of primary importance, even though until now promoting rules related to labour and environmental protection has been more successful through regional and bilateral negotiations. Developing countries must be guaranteed equal access to negotiations regarding international trade rules.



3

PROMOTING **ECOLOGICALLY SUSTAINABLE DEVELOPMENT** AND ACTIONS AGAINST **CLIMATE CHANGE**



Trade policies must coherently support the target of the Paris climate agreement of limiting global warming to less than 1.5 degrees Celsius. The coherence of trade agreements with the targets of the Paris agreement should be evaluated at all stages of trade agreement negotiations. This evaluation should also take into account consumption-related emissions. Emission outsourcing as a policy must not be promoted in the future. Trade agreements should be compatible with fast emission cuts that cover the whole economy. It must be ensured that trade agreements do not include limitations, for example in the form of investment protection, to actions that further the transition to more sustainable and non-polluting means of production and consumption.

The environmental impact of trade agreements and other activities aiming to increase trade should be evaluated from both global and local points of view. These impacts must also be monitored after the agreements have entered into force. If the trade agreements prove to have unsustainable environmental impacts they must be altered.

4

SECURING **HUMAN RIGHTS** AND PROMOTING **DECENT WORK** AND **SOCIALLY SUSTAINABLE DEVELOPMENT**



Human rights should be the starting point of EU's trade policy. Trade agreements must be designed to promote the realization of human rights for all. The International Labour Organisation's (ILO) fundamental principles should also be at the core of all EU trade agreements.

It should be ensured that, for example, investor protection mechanisms do not weaken or endanger states' means of securing equal human rights related to decent work, food, health and other basic living conditions. The trade agreements of the EU must coherently support the UN Guiding Principles on Business and Human Rights (UNGPs) and place sanctions on companies that break these principles. Trade rules should also support other international processes and initiatives that further socially sustainable development and human rights.

The social and human rights impacts of each trade agreement should be evaluated before and during negotiations as well as after the agreement has entered into force. Where an agreement has negative human rights impacts or weakens socially sustainable development, the agreement must be altered.

5

PROMOTING CORPORATE RESPONSIBILITY



Questions of corporate responsibility and trade are connected in many ways in the global economy. Trade agreements should promote the UN Guiding Principles on Business and Human Rights by incorporating binding rules that oblige companies to assess and minimize potential threats to human rights brought by their operations.

In accordance with the UN Guiding Principles, companies have a responsibility to respect human rights throughout their supply chains. On the basis of these principles, companies must carry out human rights due diligence, that is, continuously assess the human rights impact of their production, open complaint channels, minimize and compensate damage caused by or linked to their operations, and report on their work openly.

As part of their trade policies, the EU and Finland should develop rules and norms which promote more exhaustive reporting and binding due diligence requirements on companies. It is also important that the EU and Finland support and advance the negotiation of binding corporate responsibility rules in the United Nations Human Rights Committee.

Transparency is one of the most fundamental drivers of human rights and sustainable development. More transparent product markings and reporting should be promoted in trade policies.

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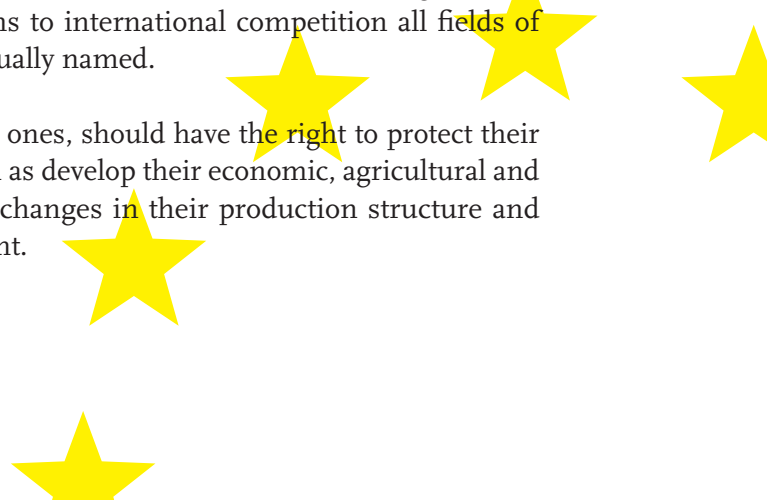
SECURING POLICY SPACE FOR SUSTAINABLE DEVELOPMENT



The possibility to promote sustainable development by political means at the European, national and local levels should be secured. International agreements must maintain the rights of citizens and democratically elected politicians to update their policies and, when necessary, alter them in a controlled way.

The rights given to investors in trade agreements or the fear of claims related to those rights must not limit governments' freedom to act according to the interests of citizens and the most vulnerable groups. Investors' rights cannot extend to services that are vital to environmental protection, public health or social security. The so called negative list approach must not be used in the trade negotiations of the EU since it irreversibly opens to international competition all fields of business that have not been individually named.

All countries, especially the poorest ones, should have the right to protect their production and food security as well as develop their economic, agricultural and industrial policies when there are changes in their production structure and surrounding operations environment.



7

EQUAL ACCESS TO JUSTICE



Separate courts, tribunals or other processes for dispute settlement that only secure investors' rights should not be included in trade agreements. Instead it is important to develop institutions that secure equal opportunities to seek and receive justice for all parties, including citizens, communities and trade unions.

When human rights and environmental clauses are included in trade agreements and when those trade agreements are interpreted and disputes settled, environmental, labour and constitutional law as well as international law must be applied alongside commercial law.

8

SECURING LOCAL PRODUCTION



Smallholder farmers produce most of the world's food, and the majority of this food is consumed through local, national and regional markets. To ensure food sovereignty and sustainable food systems it is important to ensure that international trade and investment agreements do not prioritise global value chains over local markets.

Using seeds that are one's own or collected from nature for cultivation is a farmer's right that must not be violated on the basis of intellectual property claims.

Public services such as education and health services should be kept outside of international trade and investment agreements.

9

SECURING TAX JUSTICE AND TIGHTENING FINANCIAL REGULATION



Trade and investment policies should aim to promote global tax justice and prevent tax avoidance and aggressive tax planning. Trade agreements should include sanctionable obligations to prevent tax evasion and tax avoidance, such as public country-by-country reporting and an obligation to make public registers of companies' beneficial owners. To limit unsustainable tax competition, trade agreements could also include obligations related to the minimum level of corporate income tax.

It must remain possible to tighten financial regulation and thus dissolve the secrecy practices that make tax evasion easier. Trade and investment agreements should not hinder the differentiation of traditional banking from investment banking.

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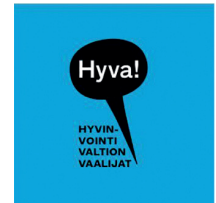
TRADE IS A MEANS, NOT AN END

The aim of trade policies should be to enhance and maintain sustainable well-being, and they should not be developed at the expense of future generations. The impacts of trade policy decisions must be assessed from the points of view of different regions and parties. In particular, the impacts that trade agreements and trade policies have on the most vulnerable regions and people must be taken into consideration. Also, the impacts of trade policies on production dislocation and consequently on the livelihoods and employment of people must be investigated, and adequate support must be ensured for the people who lose their jobs because of structural adjustments. In addition, the environmental impacts of trade agreements and other actions aiming to increase trade must be thoroughly assessed, and it must be ensured that these actions will not burden the environment in an unsustainable way.





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