

## **P6\_TA(2007)0204**

### **Economic partnership agreements**

#### **European Parliament resolution of 23 May 2007 on Economic Partnership Agreements (2005/2246(INI))**

*The European Parliament,*

- having regard to its resolutions of 13 December 2001 on the WTO meeting in Qatar<sup>1</sup>, of 25 September 2003 on the Fifth Ministerial Conference of the World Trade Organisation in Cancún<sup>2</sup>, of 12 May 2005 on the assessment of the Doha Round following the WTO General Council Decision of 1 August 2004<sup>3</sup>, of 6 July 2005 on the Global Call to Action: Making Poverty History<sup>4</sup>, of 1 December 2005 on the preparations for the sixth Ministerial Conference of the World Trade Organisation in Hong Kong<sup>5</sup>, of 23 March 2006 on the development impact of Economic Partnership Agreements (EPAs)<sup>6</sup>, of 4 April 2006 on the assessment of the Doha Round following the WTO Ministerial Conference in Hong Kong<sup>7</sup>, of 1 June 2006 on trade and poverty: designing trade policies to maximise trade's contribution to poverty relief<sup>8</sup>, and of 7 September 2006 on the suspension of negotiations on the Doha Development Agenda<sup>9</sup> (DDA),
- having regard to the resolution of the ACP-EU Joint Parliamentary Assembly of 23 November 2006, adopted in Barbados, on the review of negotiations on Economic Partnership Agreements (EPAs),
- having regard to the Cape Town Declaration, adopted unanimously on 21 March 2002 by the ACP-EU Joint Parliamentary Assembly, calling for the establishment of developmental benchmarks against which the conduct and outcome of the ACP-EU trade negotiations are to be assessed,
- having regard to the declaration of the Annual 2006 Session of the Parliamentary Conference on the WTO, adopted on 2 December 2006 in Geneva,
- having regard to its position of 9 March 2005 on the proposal for a Council regulation applying a scheme of generalised tariff preferences<sup>10</sup>,
- having regard to Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences<sup>11</sup>,
- having regard to the Partnership agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 (the Cotonou

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<sup>1</sup> OJ C 177 E, 25.7.2002, p. 290.

<sup>2</sup> OJ C 77 E, 26.3.2004, p. 393.

<sup>3</sup> OJ C 92 E, 20.4.2006, p. 397.

<sup>4</sup> OJ C 157 E, 6.7.2006, p. 397.

<sup>5</sup> OJ C 285 E, 22.11.2006, p.126.

<sup>6</sup> OJ C 292 E, 1.12.2006, p. 121.

<sup>7</sup> OJ C 293 E, 2.12.2006, p. 155.

<sup>8</sup> OJ C 298 E, 8.12.2006, p. 261.

<sup>9</sup> OJ C 305 E, 14.12.2006, p. 244.

<sup>10</sup> OJ C 320 E, 15.12.2005, p. 145.

<sup>11</sup> OJ L 169, 30.6.2005, p. 1.

Agreement),

- having regard to the Conclusions of the General Affairs and External Relations Council of 10 and 11 April 2006 and 16 and 17 October 2006 and the Conclusions of the European Council of 15 and 16 June 2006,
- having regard to the Joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on the European Union Development Policy: 'The European Consensus' (The European Consensus on Development) signed on 20 December 2005<sup>12</sup>,
- having regard to the Commission Staff Working Document entitled 'The Trade and Development Aspects of EPA Negotiations' (SEC(2005)1459),
- having regard to the General Agreement on Tariffs and Trade (GATT), in particular Article XXIV thereof,
- having regard to the Ministerial Declaration of the Fourth Session of the WTO Ministerial Conference, adopted on 14 November 2001 in Doha,
- having regard to the Decision adopted by the WTO General Council on 1 August 2004,
- having regard to the Ministerial Declaration of the Sixth Session of the WTO Ministerial Conference, adopted on 18 December 2005 in Hong Kong,
- having regard to the report and recommendations of the Task Force on Aid for Trade, adopted by the WTO General Council on 10 October 2006,
- having regard to the Sutherland Report on the future of the WTO,
- having regard to the United Nations Millennium Declaration of 8 September 2000, which sets out the Millennium Development Goals as criteria collectively established by the international community for the elimination of poverty,
- having regard to the United Nations 2005 World Summit Outcome,
- having regard to the report by the UN Millennium Project Task Force headed by Professor Jeffrey Sachs entitled "Investing in Development: a practical plan to achieve the Millennium Development Goals",
- having regard to the Gleneagles Communiqué, released on 8 July 2005 by the Group of Eight in Gleneagles,
- having regard to the Report of the United Nations Conference on Trade and Development (UNCTAD) - The Least Developed Countries 2006: Developing Productive Capacities,
- having regard to the Economic Report on Africa 2004 entitled "Unlocking Africa's Trade Potential" by the UN Economic Commission for Africa,
- having regard to the ACP Guidelines for the Negotiations of Economic Partnership Agreements, adopted by the ACP Council of Ministers on 27 June 2002 in Punta Cana (Dominican Republic), and the decision on the negotiation of EPAs and participation in international trade, adopted by the 3rd Summit of ACP Heads of State and Government on 19 July 2002 in Nadi (Fiji),
- having regard to the Declaration of the 4th Summit of ACP Heads of State and Government, held on 23 and 24 June 2004 in Maputo, Mozambique, with regard to the

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<sup>12</sup> OJ C 46, 24.2.2006, p. 1

economic development dimension,

- having regard to the Declaration of the 81st Session of the ACP Council of Ministers, held in Brussels on 21 and 22 June 2005,
  - having regard to Decision No 2/LXXXIII/06 of the 83rd Session of the ACP Council of Ministers, held in Port Moresby (Papua New Guinea) from 28 to 31 May 2006,
  - having regard to the Declaration issued by the 5th Summit of ACP Heads of State and Government in Khartoum (Sudan) on 8 December 2006,
  - having regard to Rule 45 of its Rules of Procedure,
  - having regard to the report of the Committee on International Trade (A6-0084/2007),
- A. whereas the EU's existing trade relationship with the ACP countries – which gives the latter preferential access to EU markets on a non-reciprocal basis – does not comply with the rules of the World Trade Organization (WTO),
- B. whereas the Cotonou Agreement sets out the Parties' agreement to conclude new WTO-compatible trading arrangements, progressively removing barriers to trade between them and enhancing cooperation in all areas relevant to trade and development,
- C. whereas negotiations are not progressing at the same pace in the six regions, leading to concerns that they will not be completed in all regions before the end of 2007,
- D. whereas there is widespread concern that the negotiations have not advanced as far as they should have done at this stage of the negotiation process,
- E. whereas failure on both sides to put forward, and respond to, proposals in a timely fashion has been a major reason for delay,
- F. whereas another formal WTO waiver would be politically costly and difficult to achieve,
- G. whereas, in many ACP countries, information on, and involvement in, the EPA process at a country level has been worryingly low,
- H. whereas the lack of progress made in the negotiations of the DDA at the WTO renders the EPA negotiations more difficult,
- I. whereas both parties agree on the centrality of the "development dimension" to EPAs, but negotiators have thus far failed to reach agreement on a common definition of the concept,
- J. whereas it is essential that EPAs should contribute to sustainable social and economic development and to the alleviation of poverty in ACP countries,
- K. whereas, in an increasingly globalised world, preference erosion is inevitable,
- L. whereas Everything but Arms (EBA) has so far failed to give rise to a significant increase in Least Developed Countries' (LDCs) exports to the EU; whereas that suggests that tariff and quota liberalisation alone do not make poor countries more competitive,
- M. whereas increased reciprocity between the EU and the ACP countries should spur the competitiveness of ACP countries but it is likely to harm uncompetitive industries, the agricultural sector, which has hardly been modernised or diversified, and fragile economies,
- N. whereas EPA configurations are not always in line with existing regional economic integration arrangements, thus running counter to the priority objective of consolidating regional integration in the ACP countries,

- O. whereas agriculture is the engine of development in most ACP countries and in order for EPAs to become a development tool, they must address the challenges faced by the ACP agricultural sector,
- P. whereas establishing a genuine regional market represents an essential basis for successfully implementing EPAs; whereas genuine regional integration represents an important basis for the social and economic development of the ACP countries, as is stated in the Cotonou agreement,
- Q. whereas an increase in intra-regional trade, as is intended by the EPAs, is hindered by weak intraregional infrastructure and a wide range of non-tariff barriers to trade,
- R. whereas the failure of the Regional Preparatory Task Forces to carry out their intended function has hindered negotiations and raised questions about the future efficacy of EPA-related monitoring mechanisms,
- S. whereas a lack of analytical data in relation to ACP economies has made full EPA impact assessments very difficult to carry out,
- T. whereas improved trade rules must be accompanied by an increase in support for trade-related assistance,
- U. whereas the objective of Aid for Trade is to support developing countries' capacities to take advantage of new trade opportunities,
- V. whereas a solution to the issue of adjustment costs, relating to preparations and implementation of liberalisation required as part of the EPAs, must be found,
- W. whereas, pursuant to Article 37(4) of the Cotonou Agreement, a formal and comprehensive review of the arrangements planned for all countries must be undertaken in order to ensure that no further time is needed for preparations or negotiations; whereas that review must lead to a critical assessment of the EPA negotiations in progress,
  1. Believes that EPAs must be designed as instruments for development and that they must contribute to increased economic growth, regional integration and the reduction of poverty;
  2. Reaffirms its view that, if appropriately designed, EPAs represent an opportunity to revitalise ACP – EU trading relations, promote ACP economic diversification and regional integration and to reduce poverty in the ACP countries;
  3. Calls on the Commission and the Member States to ensure policy coherence for development; stresses that the "European Consensus on Development" (Development Policy Statement, DSP), in particular paragraph 36, provides the EPA negotiators with guidance; urges, in this respect, the Commission to adhere to the principles of asymmetry and flexibility;
  4. Recognises that it is important for the ACP countries and the EU to fully assume the necessary responsibility to ensure the right of ACP countries to development and well being; urges ACP governments to implement good governance rules, drawing, inter alia, on the technical assistance provided for under the Aid for Trade instrument;
  5. Recalls that, by the end of the EPA negotiations no ACP country should, in its trade relations, find itself in a more unfavourable situation after 2007 than under current arrangements;
  6. Expresses concern at the slow pace of the negotiations and the consequent lack of tangible progress, with many critical issues yet to be discussed or agreed upon;

7. Urges negotiators not to work under excessive pressure or in a hurry on such complex and extremely important negotiations; urges the Commission to show more flexibility towards ACP concerns;
8. Calls on the Commission not to exert undue pressure and - in the event of negotiations not being completed by 1 January 2008 - make efforts at WTO level to seek to ensure that disruption of existing ACP exports to the EU is avoided pending a final settlement;
9. Calls for greater transparency on the progress and substance of the negotiations; calls for all parties to ensure that parliamentarians and other stakeholders in the ACP countries and the EU are consulted on the EPA negotiations so as to achieve an appropriate implementation of EPAs;
10. Calls on the Commission to do its utmost to conclude the negotiations on the DDA and ensure that the liberalisation agreements promote development in poor countries;
11. Is convinced that EPAs should be complementary to an agreement on the DDA and not an alternative, and that a pro-development conclusion to EPAs could be a first step towards a development-focused multilateral agreement;
12. Recognises that preferential market access has not been a sufficient tool in itself to bring about the development of the ACP countries and maintains that, in order to achieve that goal, flanking measures need to be put in place to boost their competitiveness;
13. Calls for full duty-free, quota-free market access for the ACP as well as simplified, liberalised and more flexible rules of origin in EPAs than is the case under EBA, taking into account the differences in the level of industrial development between the EU and the ACP countries as well as among ACP countries;
14. Calls for the pace, timing and scope of liberalisation to be gradual and flexible in order to improve ACP regional integration and competitiveness, and to ensure that development objectives, such as the avoidance of adverse social impacts, particularly towards women, are given priority;
15. Calls for the special case of the EU Member States' overseas regions and territories to be taken fully into account in the EPA negotiations, especially the outermost regions referred to in Article 299(2) of the EC Treaty;
16. Urges ACP countries to resolve the problem pertaining to the membership of overlapping regional groups;
17. Calls for negotiators to develop a strategy for diversifying, modernising, and boosting ACP competitiveness – particularly in the agricultural sector – thus going beyond market access;
18. Recognises that workable safeguard mechanisms, allowing ACP regions to counter surges in imports from the EU, are essential, particularly for agricultural products;
19. Calls on the EU to promote Fair Trade and other means to improve conditions for small and marginalised producers and poor workers;
20. Reminds the negotiators that, when improving agricultural competitiveness strategies in ACP countries, due regard should be paid to food security;
21. Stresses that it is essential to ensure that ACP countries preserve the right to protect some sensitive products;
22. Recognises that the Sustainable Impact Assessments (SIAs) have failed to have a

meaningful impact on negotiations and calls on the Commission to clarify and review the link between SIAs and negotiating positions, in order to give stakeholders the opportunity to be heard;

23. Calls for an appropriate and transparent monitoring mechanism - with a clear role and influence - to be set up at both regional and national levels in order to follow the impact of EPAs with increased ACP ownership and broad stakeholder consultation;
24. Calls on the Council and the Commission to clarify the extent to which the financing of the "development dimension" of EPAs will be available beyond the 10th European Development Fund (EDF);
25. Welcomes the conclusion of the General Affairs and External Relations Council of 16 October 2006 that "a substantial share of the Community and Member States' commitment to increase their trade-related assistance to EUR 2 billion by 2010 has to be devoted to the ACP countries", though regrets that not all of this money is "additional to EDF resources" and urges the Commission and Member States to clarify the precise terms of these commitments, to guarantee that this assistance is not conditional on the outcome of EPA negotiations, and to work towards significantly increasing the amount of available Aid for Trade as demand from ACP states increases;
26. Endorses the Council's invitation to the Commission and the Member States to support "as an immediate priority the implementation of EPA-related reform commitments" and calls for concrete commitments to be made prior to the conclusion of EPA negotiations, which are detailed, quantified and specifically EPA-related, addressing both trade-related assistance and the adjustment costs associated with EPAs;
27. Calls for EPA support to be coordinated and linked to the multi-lateral Aid for Trade enhanced integrated framework;
28. Insists that, in keeping with the Paris Principles on Aid Effectiveness, aid must be, inter alia, demand-driven, and calls on the ACP, therefore, to put forward, with appropriate EU-assistance where required, detailed, costed proposals of how and for what additional EPA-related funds are needed, particularly with regard to regulatory frameworks, safeguard measures, trade facilitation, support in meeting international sanitary and phytosanitary and intellectual property standards, and the composition of the EPA monitoring mechanism;
29. Asks the Commission, when requested, to provide ACP countries with additional technical assistance for trade negotiations;
30. Calls on the Commission to provide assistance, when requested, to ACP countries which decide to undertake fiscal reform programmes;
31. Notes the poor levels of revenue collection in many ACP countries and calls for additional support for tax reforms and measures for the prevention of tax evasion, as part of a strategy to minimise the effect of lost tariff revenues; is also worried about the impact of falling customs revenue on ACP budgets, which could entail public spending cuts in key sectors such as education or health; calls on the EU to help to set up the compensation mechanisms required to avert consequences of this sort;
32. Recalls that ACP countries are often heavily dependent on primary commodities, and calls on the EU to develop more effective instruments of support in relation to production adjustment and diversification, as well as to the development of processing industries and small and medium-sized enterprises in ACP countries;

33. Understands ACP reluctance to negotiate bilaterally on so-called Singapore issues which have been removed from multilateral negotiations and recognises that it is for ACP regional groups to judge the development benefits of any agreements on these issues; recalls the fact that 77 poor countries opposed the inclusion of negotiations on Singapore issues in the DDA agenda;
34. Believes that appropriately framed agreements on investment, competition and government procurement, accompanied by a credible regulatory environment, could contribute to shared aims of good governance and transparency, creating an environment that should enable greater private-public partnership, particularly in relation to key infrastructure development;
35. Expresses disappointment at the fact that so far insufficient advantage has been taken of the opportunity provided by the review to involve parliamentarians and other stakeholders; believes that the inclusion of key stakeholders and civil society representatives would add a crucial practical and pragmatic dimension to this process;
36. Recognises the social and environmental responsibilities of foreign businesses and investors towards the communities and societies in which they invest; believes that people-to-people business and investment contacts should be encouraged and facilitated in order to maximise the social and economic benefits of increased liberalisation;
37. Urges the Commission and the ACP countries to use the EPA review as an opportunity to openly discuss the obstacles to the completion of negotiations and to put forward detailed proposals to overcome them;
38. Recalls ACP requests in a number of fora for alternatives to EPAs, but notes the absence of official ACP requests under Article 37(6) of the Cotonou Agreement;
39. Requests the Commission, in accordance with Article 37(6) of the Cotonou Agreement, where non-least developed ACP countries are not in a position to enter into EPAs, to examine possible ways of offering those countries an alternative framework for trade, which is equivalent to the existing situation and which is in conformity with WTO rules;
40. Asks the Commission to make proposals for development-oriented alternatives that offer more than mere market access, as is the case for EBA and the special incentive arrangement for sustainable development and good governance (GSP+);
41. Calls on the Commission to promote social standards and decent work in the EPA trade negotiations;
42. Calls on the Commission to clarify the implications, in terms of Aid for Trade and EPA-related support, for countries that choose not to sign up to EPAs;
43. Calls on the Commission and the Council to simplify and reduce the bureaucratic burden of EDF requirements and to improve training, in the ACP, in relation to EDF procedures in order to maximise the use of existing resources;
44. Recalls that bilateral negotiations on trade in services must abstain from pressuring ACP countries into offering any liberalisation of basic public services, respect the right of countries to freely regulate public services and calls on both parties to recognise that sound regulatory frameworks are an essential part of any liberalisation process;
45. Calls for the EU not to include, in EPAs, provisions on intellectual property rights, since they constitute an additional barrier to access to essential medicines and to use the EPA system to help ACP countries implement the forms of flexibility provided for in the Doha Declaration; points out that, by virtue of the 2001 Doha Declaration on the TRIPS

Agreement and Public Health, the EU has undertaken to place public health before its trading interests;

46. Stresses that the regional aspect of EPAs is essential for boosting not only North-South but also South-South trade; considers that insufficient attention has been paid to that matter by the European side and that achieving proper intra-regional integration may even be more important than launching a programme for inter-regional integration;
47. Calls for a dispute settlement system for EPAs, which is sufficiently simple and cost-effective, to promptly intervene when parties fail to meet their commitments;
48. Calls for appropriate proposals to be made in order to address ACP concerns on Mode IV of the GATS;
49. Recommends that the Commission ensure that the international programme on Decent Work and the implementation of core labour standards become permanent elements in trade negotiations and strategic partnerships; calls on the Commission to ensure the implementation of Article 50 of the Cotonou Agreement, which includes a specific provision on trade and labour standards and which confirms the parties' commitments to core labour standards;
50. Recognises that high phytosanitary and other EU health and environmental standards may hinder ACP exports, particularly of agricultural goods, and calls on the Commission and Member States to help ACP countries to devise adequate programmes to reach these standards in a timely fashion;
51. Calls on the Commission to take the initiative and to mobilise international support for a revision or clarification of Article XXIV of the GATT Agreement with regard to the Free Trade Agreements between parties with different levels of development;
52. Calls on the Commission to carry out a systematic analysis, during the negotiations and following their conclusion, of the social impact of EPAs on the groups most at risk, including young people and women in the ACP countries;
53. Recognises the importance of parliamentary oversight in contributing to good governance, accountability and transparency;
54. Calls for the creation of a joint Parliamentary Trade and Development Committee within each Economic Partnership Agreement working with the ACP-EU JPA to publicly monitor and review the trade and development impact of EPA implementation, to design mechanisms to ensure accountability and to address EPA-related concerns from both regional and all-ACP perspectives;
55. Urges the Commission to regularly consult with national parliaments in ACP countries in order to facilitate their scrutiny of the process and, furthermore, recommends that there should be regular follow-up by the relevant Committee of the JPA and by European and ACP parliamentarians in plenary sessions;
56. Instructs its President to forward this resolution to the Council, the Commission, the governments of the Member States and of the ACP countries, the ACP-EU Council and the ACP-EU Joint Parliamentary Assembly.