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DRAFT OPINION

of the Committee on Development

for the Committee on International Trade

on the proposal for a Council decision on the accession of Solomon Islands to the Interim Partnership Agreement between the European Community, of the one part, and the Pacific States, of the other part
(COM(2019)204 – C9-00000000 – 2019/0099(NLE))

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SHORT JUSTIFICATION

Economic partnership agreements (EPAs) between the EU and ACP countries have traditionally been controversial given that developing countries do not negotiate on a level playing field with their European counterpart.

Generally speaking, developing countries are caught in the dilemma of choosing between losing their preferential market access for the few products they export to the EU (mostly low end product range) if they do not sign the EPAs and their long-term development prospects if they do sign the EPAs.

Solomon Islands is projected to graduate from Least Developed Country (LDC) category in 2021 and will lose access to the Everything But Arms (EBA) preference scheme three years after that in 2024. As of then, the standard form of the Generalised Scheme of Preferences (GSP) will apply to Solomon Islands's exports to the EU, which is however less generous than the EBA. To maintain full duty-free-quota-free access to the EU market, Solomon Islands would need to have joined the existing Interim EPA between the EU, Fiji and PNG and Samoa.

Your rapporteur takes the view that Solomon Islands accession to the IEPA is driven by pragmatic reasons, rather than the belief that it will produce desirable development effects.

In particular, your rapporteur does not see the IEPA as a development-oriented trade agreement, consistent with the objectives of Agenda 2030, on the following ground. First of all, it does not aim to involve the civil society in monitoring and evaluation of the implementation of the IEPA and it does not provide a mechanism with which sustainable development can be mainstreamed in the national development frameworks. Specific objectives such as biodiversity, gender and youth, corporate social responsibility, renewable energy etc. are not even mentioned.

Secondly, given that the Sustainability Impact Assessment (SIA) of the EU-ACP EPA was carried out between 2003 and 2007, we have no view on whether the development impact of the EPAs will be positive or not, all the more that there is no assessment of the impact of Solomon Islands's market access offer. Likewise, while acknowledging the improvement of the Rules of Origin (RoO), your rapporteur sees no evidence that IEPA could trigger off the diversification of the economy, in a context where exports remain dominated by primary commodities, mainly fish and agricultural products.

Thirdly, the IEPA does not contain a chapter on trade and sustainable development (TSD) on social standards and provides no explicit reference to core ILO Conventions, unlike what prevails for preferential trade regime such as GSP and notably GSP+, which sets stronger conditionalities to adhere to fundamental labour and human rights (through the compulsory ratification of Conventions related to the environment and to governance principles), than the conditionality imposed by the human rights clauses in bilateral free trade agreements (FTAs).

Likewise, it does not include a specific chapter on protecting and promoting environmental standards. This is all the more worrisome that the economy is heavily dependent on unsustainable logging (whose resources risk to be depleted very soon according to the International Monetary Fund) and the exploitation of natural resources. Furthermore, the trade agreement does not contain a distinct "non-execution clause" (possibility for trade sanctions if an ACP state commits human rights violation).

Your rapporteur believes that Sustainable development provisions in EPAs and future cooperation framework must reflect the highest labour & environmental standards, be mandatory and enforceable.

In particular, the TSD chapter should be covered by the dispute settlement mechanism, while a specific monitoring structure dedicated to sustainable development, ensuring the proper involvement of civil society organisations and trade unions, should be established.

Last but not least, at a time when the transport sector is the only one whose emissions have grown since 1990, notably international maritime transport, whose CO2 emissions are projected to increase by 50% to 250% in the period up to 2050, your rapporteur wonders about the rationale to prioritise an export-led growth strategy, with the view to integrate Solomon Islands into the global trade system, in a context of climate change emergency.

In this context, your rapporteur believes that in order to be a tool for development, and not an end in itself, trade agreements should more than ever comply with the Paris Agreement. Henceforth, climate costs of free trade agreements makes a strong case for shifting the path of export-led development strategy towards endogenous development based on local consumption and production.

In particular, considering that Solomon Islands presents already a high degree of vulnerability to climate change, notably due to its high dependence on fisheries for food security, employment, and government revenues, and given that overexploitation of fish stocks, which may result from trade, risks to aggravate further such vulnerability, your rapporteur takes the view that the primary challenge to be addressed in the EU trade relationship with Solomon islands is its economic diversification, while ensuring its ecosystem resilience (taking into account that tackling overfishing is part of climate change mitigation and adaptation strategies, especially in countries with a high dependency from this sector).

Finally, your rapporteur is concerned about the sustainability of its extractive sector. While Solomon Islands was found to have achieved *inadequate progress* in implementing the EITI (Extractive Industry Transparency Initiative) Standard in 2016, it withdrew from the EITI on 28 June 2018. This information is all the more worrying that Solomon Islands seeks to proceed to sea floor mining to excavate materials from polymetallic nodules. This emerging industry gives rise to potentially a high environmental and ecological impact, which runs counter to the EU Parliament position in favour of a an international moratorium on commercial deep-sea mining exploitation, as expressed in its Resolution on International Ocean Governance of 16 January 2018. Deep sea mining activities should be proceeded with a high degree of caution to avoid irreversible damage to the ecosystem, and ensure that appropriate social and environmental safeguards are in place as part of strong governance arrangements.

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to propose rejection of the Council draft.