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DRAFT RECOMMENDATION

on the draft Council decision on the accession of Samoa to the Interim Partnership Agreement between the European Community, of the one part, and the Pacific States, of the other part
(12281/2018 – C8-0434/2018 – 2018/0291(NLE))

Committee on International Trade

Rapporteur: David Martin

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the draft Council decision on the accession of Samoa to the Interim Partnership Agreement between the European Community, of the one part, and the Pacific States, of the other part
(12281/2018 – C8-0434/2018 – 2018/0291(NLE))**

(Consent)

The European Parliament,

- having regard to the draft Council decision (12281/2018),
 - having regard to the request for consent submitted by the Council in accordance with Article 207 and Article 218(6), second subparagraph, point (a)(v), of the Treaty on the Functioning of the European Union (C8-0434/2018),
 - having regard to its resolution of 4 October 2016 on the future of ACP-EU relations beyond 2020¹,
 - having regard to its resolution of 19 January 2011 on the Interim Partnership Agreement between the Pacific States, on the one part, and the European Community, on the other part²,
 - having regard to the Partnership agreement between the members of the African, Caribbean and Pacific (ACP) 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 Agreement),
 - having regard to Rule 99(1) and (4) and Rule 108(7) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on International Trade and the opinion of the Committee on Development (A8-0000/2018),
1. Gives its consent to Samoa's accession to the agreement;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of Samoa.

¹

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EXPLANATORY STATEMENT

Background

In view of the expiry on 31 December 2007 of the trade preferences granted under the Cotonou Agreement, in 2002 the EU started to negotiate Economic Partnership Agreements (EPAs) with ACP states. Such agreements establish a framework for long term economic and trade relations with the EU, have a strong development-oriented component, feature an asymmetrical trade liberalisation in favour of ACP countries and include proper safeguards for the domestic industries. In particular, in 2002 the EU launched negotiations for a regional EPA with 14 ACP Pacific Islands States (Cook Islands, Fiji, Kiribati, Marshall Islands, Federal State of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu).

Given the difficulty in negotiating such a comprehensive agreement while the 2007 deadline was approaching, Papua New Guinea (PNG) and Fiji opted for an interim EPA with the EU covering only goods. These negotiations were concluded in late 2007. The EU and PNG signed the agreement on 30 July 2009 and Fiji on 11 December 2009. Provisional application started on 20 December 2009 for PNG and 28 July 2014 for Fiji. The European Parliament ratified the agreement on 19 January 2011.

In the meantime, negotiations between the EU and all the 14 ACP Pacific states for a comprehensive regional EPA slowly continued but were suspended in 2016 after PNG formally notified in 2015 its withdrawal from the negotiations.

The interim EPA between the EU on the one part and PNG and Fiji on the other is open for accession of all Pacific Island States party to the Cotonou Agreement and Pacific Islands whose structural characteristics and economic and social situation are comparable to those of the countries which are party to the Cotonou Agreement on the basis of the submission of a GATT 1994 Article XXIV compliant market access offer. Therefore the accession is open to more than the other 12 ACP Pacific Island States mentioned above.

In this context, Samoa submitted its accession request together with a final market access offer to the EU on 5 February 2018. The Commission concluded negotiations with Samoa on behalf of the Union on 23 April 2018.

In addition, also Solomon Islands and Tonga are currently in the process of acceding to the Interim EPA.

Accession to the Interim EPA - benefits for Samoa

Samoa has been benefitting from the EU's Everything-but-Arms (EBA) trade preferences. However, Samoa graduated from the Least Developed Countries (LDC) status in 2014 and will lose access to such preferences as of 1 January 2019, as foreseen by the EU Generalised Scheme of Preferences (GSP) Regulation. As of then, the less favourable GSP general arrangement would apply.

If the agreement is provisionally applied vis-à-vis Samoa as of 1st January 2019, Samoa will

maintain the current duty-free and quota-free access to the EU on all products with the exception of arms and ammunition. In 2016 Samoan exports to the EU mainly consisted of articles and equipment for general physical exercise, gymnastic or athletics (53,2%), juice of fruit or vegetables (12,8%), wooden articles (8,5%), metal furniture (6,1%) and crude coconut oil (2,6%). Although such exports may appear quite limited in value (5,5 million euros in 2017) they are very significant for the Samoan economy. It is therefore important that the agreement is provisionally applied as of 1 January 2019 to avoid any disruption in Samoa-EU trade flows. Furthermore, Samoan fishery sector is also expected to benefit significantly once the EU SPS standards have been met.

The main elements of the interim EPA are:

- Scope limited to trade in goods;
- Duty free and quota free access to the EU market;
- Asymmetrical and gradual tariff liberalisation taking into account the level of development of the Pacific States. Samoa will liberalise the 82.6% of its exports (in tariff lines) of goods over a period of 20 years. Samoa's sensitive products (such as meat, fish, fruits and vegetables, alcohol, mineral water, etc.) accounting for 17.4% are excluded.
- Provisions on trade defence including a bilateral safeguard to be used in case of imports causing or threatening to cause injury or economic or social disturbance to a sector or an industry of a party;
- Provisions on cooperation in the areas of technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures ;
- Customs and trade facilitation provisions;
- A food security safeguard and a derogation in case of balance of payments difficulties;
- Global sourcing for fisheries. The agreement provides for a derogation from the general rules of origin granting the Pacific states the possibility of benefitting from the trade preferences also in case of processed fish. This derogation has been granted in light of the insufficient wholly-obtained fish to meet on-land demand, the very limited fishing capacity of the fishing fleet, the reduced processing capability due to physical and economic factors, and the geographical isolation of the Pacific islands as well as the distance from the EU market. Such derogation is conditional upon the reporting on the implementation, development and the sustainable management of fisheries resources.
- Sustainable development as an underlying objective. In particular, in Article 3 the Parties have committed to apply the agreement taking into account the human, cultural, economic, social, health and environmental best interests of their respective populations and of future generations. Trade and sustainable development issues, such as labour rights and environment, are also a regular part of the dialogue within the EPA Trade Committee. In addition, the agreement includes a linkage clause to the human rights, democracy and rule of law provisions (so called "essential elements") of the Cotonou agreement with the possibility of adopting appropriate measures in case of their

violation. However, as this agreement was negotiated more than ten years ago – in 2002-2007, your rapporteur acknowledges the lack of ambition in this area and expects the Parties to enter into negotiations as soon as possible with a view to agreeing on a modern trade and sustainable development chapter.

- **Monitoring.** The monitoring of the implementation of the EPA, including on the impact on sustainable development, is carried out through the relevant EPA institutional bodies. Your rapporteur regrets the lack of a mechanism for monitoring including civil society and expects the Parties to enter into negotiations as soon as possible with a view to adding an ad hoc monitoring mechanism involving a balanced representation of civil society groups (e.g. in the form of domestic advisory groups).
- **A stable framework for economic and trade relations with the EU.** The interim EPA is expected to attract long term investments, promote export diversification, competitiveness and domestic reforms to improve the business environment.
- **Regional integration.** This component will become increasingly more relevant once additional Pacific states will join.

The above explains the main benefits that the interim EPA accession will provide to a lower middle income country like Samoa. With the objective of supporting the development of Samoa and in the interests of Samoan citizens your rapporteur recommends to give consent to Samoa's accession to the agreement. However, your rapporteur also expects the Parties to the agreement, through a decision of the EPA Trade Committee, to enter into negotiations as soon as possible to include a fully-fledged trade and sustainable development chapter that foresees a proper civil society monitoring mechanism.