

ACP-EU JOINT PARLIAMENTARY ASSEMBLY

23.11.2006

ACP-EU 3958/06/fin.

RESOLUTION¹

on the review of negotiations on Economic Partnership Agreements (EPAs)

The ACP-EU Joint Parliamentary Assembly,

- meeting at Bridgetown (Barbados) from 20 to 23 November 2006,
 - having regard to Article 17(2) of its Rules of Procedure,
 - having regard to its resolution of 21 March 2002 adopted in Cape Town (South Africa)²,
 - having regard to Article 37(1) of the Cotonou Agreement, which states that the EPA negotiations shall take place ‘during the preparatory period which shall end by 31 December 2007 at the latest’,
 - having regard to the Declaration by the Trade Ministers of the Member States of the African Union adopted in Nairobi (Kenya) on 14 April 2006,
 - having regard to the resolution of the European Parliament of 23 March 2006 on the development impact of EPAs³,
 - having regard to the General Agreement on Tariffs and Trade (GATT), in particular Article XXIV thereof,
 - having regard to the decisions, resolutions and declarations adopted by the ACP Council of Ministers at its 83rd session, held in Port Moresby from 28 to 31 May 2006, in particular Decision No 2 on Economic Partnership Agreements,
- A. whereas carrying out critical evaluation of EPA negotiations is necessary,
- B. noting that in most regions the negotiations on EPAs have reached virtual deadlock in view of disagreements on what is understood by the ‘development dimension’, which should be central to discussions on EPAs,
- C. whereas firm and specific undertakings have so far not been provided by the European side on the financing of the development dimension,
- D. whereas the Cotonou Agreement addresses the question of support for economic development and regional cooperation in the ACP countries, in particular in Articles 21, 22, 25, 29, 30, 33 and 35,

¹ Adopted by the ACP-EU Joint Parliamentary Assembly on 23 November 2006 in Bridgetown (Barbados)

² ACP-EU/3397/02/fin.

³ P6_TA(2006)0113 (2005/2162(INI))

- E. having regard to the concerns that are apparent among states, and in civil society and the private sector, in the light of the conclusions of impact assessments conducted at national and regional level,
- F. whereas the main objective of EPAs should be to contribute to the sustainable social and economic development of ACP countries, through the promotion of greater value addition to goods and services produced in ACP countries for national, regional and international markets,
- G. whereas the agricultural sector is the engine of development for most ACP countries because it makes a significant contribution to national GDP and is the main source of employment and income for many people,
- H. whereas EPAs should ensure that benefits of increased trade and economic growth contribute to poverty reduction in order to fulfil Cotonou commitments,
- I. whereas the level of education and training of the population is a fundamental factor for competitiveness and in some ACP regions is being undermined by the growing HIV/AIDS crisis,
- J. whereas the establishment of a genuine regional market, within a customs union, represents an essential basis for the success of the implementation of EPAs,
- K. whereas the increase in intra-regional trade intended by the EPAs is hindered by weak intra-regional infrastructures and a wide range of non-tariff barriers to trade,
- L. acknowledging the right for the European Union to have high phytosanitary and other health standards and therefore calling for increased assistance to ACP countries to comply with such regulation in order to be able to export their products to the European Union,
- M. whereas the reciprocal freedom of trade between the developed countries of the European Union and the ACP developing countries constitutes a serious risk until the ACP countries become competitive,
- N. whereas the EPA configurations are not a reflection of existing regional economic integration arrangements,
- O. whereas the ACP must resolve questions of overlapping membership of regional groups and establish long-term frameworks for regional harmonisation for any EPA to be successful and workable,
- P. whereas the waiver accorded by the WTO in Doha in 2001 to allow for preferential trade relations between the EU and ACP countries was meant to last three years longer (until 2007) than the Doha Round negotiations (to be concluded in 2004) launched at the same time,
- Q. whereas the pressing problem of availability and timely disbursement of financial resources remains a serious stumbling block,

- R. whereas the parallel conduct of the EPA negotiations and the WTO cycle of negotiations has been interrupted by the suspension of the Doha Round, giving rise to valid concerns about the commitments that should be made under the EPA negotiations,
- S. understanding ACP reluctance to negotiate, bilaterally or otherwise, on issues which have been jettisoned at a multilateral level,
- T. recognising that a positive outcome to negotiations could help redefine what a multilateral development round should consist of; recognising further that EPAs should be complementary to an agreement on Doha and not an alternative,
- U. having regard to the setting-up of EPA adjustment mechanisms to address the loss of government revenue resulting from EPA-induced trade liberalisation and structural adjustment and to provide support for economic development and regional cooperation in the ACP countries,
- V. whereas Article 2 of the Cotonou Agreement provides for differential treatment, taking into account the different levels of development of ACP countries,
- W. whereas the EPAs should facilitate the reduction of existing inequalities between men and women in the economic and social sectors,
- X. noting that, as far as the European side is concerned, the implications of the EPAs have not yet been clearly determined at this stage of negotiations,
- Y. whereas the EPAs will in any case increase the financial needs of the ACP countries to carry out enhanced regional integration policies and economic reform,
- Z. whereas parliamentarians, as representatives of the people and their institutions, should be kept informed throughout the negotiations,
- AA. whereas in Port Moresby the ACP Council called for the 'full and comprehensive' review required under Article 37(4) of the Cotonou Agreement to 'be all inclusive and consultative with all stakeholders including non-state actors and parliamentarians' and whereas, in view of there being little evidence of this occurring, it welcomes a second JPA resolution on EPAs,
- AB. whereas EU common agricultural policy reform and subsidies for products of export interest to the ACP have a significant bearing on ACP agricultural exports to European markets,
 - 1. Understands that the EPA negotiations stem from the need to make ACP-EU trade relations compatible with WTO rules but calls on the Commission to be vigilant that the issue of compatibility does not take precedence over the overall aim of sustainable development; calls for the pacing, timing and extent of liberalisation schedules to be in line with ACP regional harmonisation schedules to minimise harmful shocks;
 - 2. Calls on the Commission not only to focus on compatibility with WTO rules but also, in cooperation with developing countries, to aim to improve the rules of the WTO so that they work better for development;

3. Recalls that, under the Cotonou Agreement, EPAs should be aimed essentially at economic growth and poverty reduction in countries, most of which are classified as LDCs;
4. Calls for priority to be accorded in the negotiations to supporting the structural transformation of ACP economies, thereby supporting ‘sustainable economic and social development’; considers that EPAs should be devised and negotiated as development agreements rather than trade agreements;
5. Recognises that, whether it be liberalisation of services or of competition and government procurement, robust regulatory frameworks are needed before any liberalisation takes place and calls on the Commission to support and monitor independent regulators as part of any change to current provisions;
6. Calls for negotiators to work together to develop a strategy to increase ACP agricultural competitiveness that goes beyond market access and addresses real development issues for ACP agriculture such as scaling up SPS quality programmes across the ACP;
7. Calls for a strengthening of competitive production capacities in ACP countries before the removal of customs duties;
8. Calls on the Commission and the ACP regions to design EPAs around the principles of asymmetry in favour of ACP regions, support for ACP regional integration and implementation of a sound and predictable framework for promoting trade and investment in ACP regions;
9. Expresses its concern over the current EU proposals for free trade with ACP countries under the Cotonou EPAs leading to the liberalisation of trade, including trade in agricultural products, and considers that this policy might cause problems to ACP countries’ development, relating in particular to food security and development of local industries;
10. Calls for the EPAs to be based on the principle of building and consolidating regional markets first, before markets are opened to the EU;
11. Calls on the EU to develop more effective instruments of support to production adjustment in ACP countries, thereby encouraging the diversification of production and promoting greater value addition;
12. Reiterates its call on the European side to provide support as regards the financing of tax and economic adjustment costs and investments linked to the lifting of supply constraints;
13. Welcomes recent pledges of additional Aid for Trade resources specifically focused on EPA support and calls for the arrangements and timescale for disbursement of the funds pledged to be fully explained by both the Commission and Member States as part of a response to ACP requests for additional funds for EPAs;
14. Calls on the Commission to look at ways of reducing the bureaucratic burden of EDF requirements and for the ACP side to bring forward detailed, costed proposals of how and for what any additional EPA funds would be needed;
15. Calls for further money, additional to existing European Development Fund commitments, to be made available if necessary;

16. Calls on the EU to support the proper sequencing of the development of ACP policies in trade-related areas in ACP countries, with the subsequent conclusion of inter-regional agreements in trade-related areas, so as to ensure coherence;
17. Calls on the EU not to exert undue pressure and to take steps to ensure that, in the event of negotiations not being completed by 1 January 2008, existing ACP exports to the EU are not disrupted until a final settlement is reached;
18. Urges the Commission and the ACP to use the EPA review as an opportunity to discuss openly the obstacles to completing negotiations and bring forward detailed proposals to overcome them;
19. Recalls that the Cotonou Agreement provides that in the event that a country or region does not wish to sign up to an EPA/FTA it should not find itself worse off in terms of market access; calls on the Commission to examine all alternative possibilities, which include improved rules of origin, including non-reciprocal arrangements, in accordance with Article 37(6) of the Cotonou Agreement;
20. Calls on the EU to refrain from proposals which could disrupt ACP regional processes;
21. Calls therefore for a real public debate in the ACP and EU countries, including civil society and governmental and parliamentary institutions; calls also for the establishment of appropriate information and consultation mechanisms;
22. Recognises that Parliamentary oversight with regard to scrutiny of, and participation in, EPA implementation will contribute to the stated aims of good governance and transparency and that the Joint Parliamentary Assembly is the appropriate body to formally, comprehensively and officially review the impact and implementation of EPAs, and calls for the establishment of a monitoring group within the JPA;
23. Calls on the Commission to respect the position of those regions which do not want to include the 'Singapore Issues' in the EPA negotiations and recalls that bilateral negotiations on trade in services should respect the right of each country freely to regulate public services;
24. Calls for the EU to undertake not to include in EPAs provisions on intellectual property rights forming an additional barrier to access to essential medicines and to provide ACP countries with support enabling them effectively to implement the 2001 Doha Declaration, i.e. effective use of TRIPS flexibilities;
25. Stresses the importance of public services for development and democracy and consequently asks the Commission to act with caution when considering liberalisation of services and in fields such as water, health, education, transport and energy;
26. Instructs its Co-Presidents to forward this resolution to the ACP-EU Council and to the European Commission.