

P6_TA(2007)0203

The EU's Aid for Trade

European Parliament resolution of 23 May 2007 on the EU's Aid for Trade (2006/2236(INI))

The European Parliament,

- having regard to its resolutions of 13 December 2001 on the WTO meeting in Qatar¹, of 3 September 2002 on trade and development for poverty eradication², of 30 January 2003 on world hunger and the elimination of barriers to trade with the poorest countries³, of 15 May 2003 on capacity building in the developing countries⁴, of 4 September 2003 on the Communication from the Commission to the Council and the European Parliament on trade and development - assisting developing countries to benefit from trade⁵, of 25 September 2003 on the Fifth Ministerial Conference of the World Trade Organisation in Cancún⁶, of 24 February 2005 on action against hunger and poverty⁷, of 12 May 2005 on the assessment of the Doha Round following the WTO General Council Decision of 1 August 2004⁸, of 6 July 2005 on the Global Call to Action: Making Poverty History⁹, of 1 December 2005 on preparations for the Sixth Ministerial Conference of the World Trade Organisation in Hong Kong¹⁰, of 4 April 2006 on the assessment of the Doha Round following the WTO Ministerial Conference in Hong Kong¹¹, of 1 June 2006 on trade and poverty: designing trade policies to maximise trade's contribution to poverty relief¹², of 6 July 2006 on Fair Trade and Development¹³ and of 7 September 2006 on the suspension of negotiations on the Doha Development Agenda¹⁴ (DDA),
- having regard to the Commission Communications "Speeding up progress towards the Millennium Development Goals - The European Union's contribution" (COM(2005)0132), "Accelerating progress towards attaining the Millennium Development Goals - Financing for Development and Aid Effectiveness" (COM(2005)0133), "Policy Coherence for Development - Accelerating progress towards attaining the Millennium Development Goals" (COM(2005)0134), "Financing for Development and Aid Effectiveness - The challenges of scaling up EU aid 2006 – 2010" (COM(2006)0085) and "EU Aid: Delivering more, better and faster" (COM(2006)0087),

¹ OJ C 177 E, 25.7.2002, p. 290.

² OJ C 272 E, 13.11.2003, p. 277.

³ OJ C 39 E, 13.2.2004, p. 79.

⁴ OJ C 67 E, 17.3.2004, p. 255.

⁵ OJ C 76 E, 25.3.2004, p. 435.

⁶ OJ C 77 E, 26.3.2004, p. 393.

⁷ OJ C 304 E, 1.12.2005, p. 383.

⁸ OJ C 92 E, 20.4.2006, p. 397.

⁹ OJ C 157 E, 6.7.2006, p.397.

¹⁰ OJ C 285E, 22.11.2006, p.126.

¹¹ OJ C 293E, 2.12.2006, p.155.

¹² OJ C 298E, 8.12.2006, p. 261.

¹³ *Texts Adopted*, P6_TA(2006)0320.

¹⁴ *Texts Adopted*, P6_TA(2006)0350.

- having regard to the Joint statement by the Council, the European Parliament and the Commission on the European Union Development Policy: "The European Consensus"¹⁵,
 - having regard to the Conclusions of the General Affairs and External Relations Council of 12 December 2005 and 16 and 17 October 2006,
 - having regard to the Doha Ministerial Declaration¹⁶ of the Fourth Session of the Ministerial Conference of the WTO, adopted on 14 November 2001,
 - having regard to the Hong Kong Ministerial Declaration¹⁷ of the Sixth Session of the Ministerial Conference of the WTO, adopted on 18 December 2005,
 - having regard to the United Nations' Millennium Declaration¹⁸ of 8 September 2000, which sets out the Millennium Development Goals (MDGs) as criteria collectively established by the international community for the elimination of poverty,
 - having regard to the "The Millennium Development Goals - Report 2005" and "The Millennium Development Goals - Report 2006" of the United Nations,
 - having regard to the reports by the UN Millennium Project Task Forces,
 - having regard to the Gleneagles Communiqué released on 8 July 2005 by the Group of Eight (G8),
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade and the opinion of the Committee on Development (A6-0088/2007),
- A. whereas a balanced, rules-based multilateral trading system is crucial to the ability of developing countries to participate in, and benefit from, international trade,
 - B. whereas, over the past 40 years, the share of world trade of the least developed countries (LDCs) has declined from 1.9% to less than 1% despite the expansion, over recent years, of bilateral duty free and quota free access schemes for their products (of which the Community's 'Everything But Arms' scheme is the largest),
 - C. whereas economic growth and the integration of developing countries into the global economy is a major condition for attaining the objective of eradicating poverty in the context of sustainable development and the pursuit of the MDGs,
 - D. whereas peace and the common and universal values of respect for, and promotion of, human rights, fundamental freedoms, good governance, democratisation and the rule of law are essential to enable developing countries to both reduce poverty and realise the benefits to be derived from greater trade opportunities,
 - E. whereas, as noted in the "European Consensus on Development", the Community, drawing on its own experiences and exclusive competence in trade, has a comparative advantage in providing support to partner countries to integrate trade into national

¹⁵ OJ C 46, 24.2.2006, p. 1.

¹⁶ WT/MIN(01)/DEC/1.

¹⁷ WT/MIN(05)/DEC.

¹⁸ A/RES/55/2.

development strategies and in supporting regional co-operation,

- F. whereas the Hong Kong Declaration of the Sixth Ministerial Conference of the WTO states that “Aid for Trade should aim to help developing countries, particularly LDCs, to build the supply-side capacity and trade-related infrastructure that they need to assist them to implement and benefit from WTO Agreements and more broadly to expand their trade”,
- G. whereas globalisation is an ongoing and unstoppable process that presents opportunities and challenges but also raises the risk of marginalising countries, in particular the poorest countries, as well as marginalising the most vulnerable groups within those countries, notably where income gaps within and between countries remain wide and where there is an increasing number of people living in poverty,

The case for Aid for Trade (AfT) and the virtuous triangle: improved market access, sound domestic policies and increased and more effective Aid for Trade

1. Stresses that opening up trade is one of the most effective drivers of economic growth, which is indispensable for reducing poverty and promoting pro-poor economic growth and employment and it is also an important catalyst for sustainable development worldwide;
2. Insists, however, that trade openness alone is an insufficient condition for harnessing trade for development and reducing poverty, which is a complex and multidimensional problem without simple solutions;
3. Emphasises that, in many developing countries, “behind-the-border” domestic policies and deficient economic and investment environments are powerful constraints on the ability to reap the benefits from greater trade opportunities; notes, therefore, that growth and trade cannot reduce poverty without the necessary flanking domestic policies, including redistribution and social policies, and a real improvement in the capacity for good governance;
4. Considers that, without progress in governance, all other reforms may have only limited impact; stresses that effective states, namely those that can promote and protect human rights and can deliver services to their people and a climate favourable to entrepreneurship and growth are the foundation of development; considers that whilst improvements in governance, including democracy, are first and foremost the responsibility of the country concerned, AfT can be used to both support and avoid undermining good governance by supporting comprehensive national strategies for capacity building and broadening participation and by strengthening institutions that improve transparency and accountability;
5. Considers that accountability is reciprocal and that the principles of environmental sustainability, social and human rights protection and good governance apply to developed and developing countries alike and must therefore be mainstreamed into the EU's approach to AfT;
6. Concludes that if developing countries are to fulfil the potential of trade liberalisation, then market access, particularly in their most competitive sectors, must be complemented by both sound domestic policy reforms and a fair international trading system that includes substantially increased and more effective AfT;
7. Stresses that AfT is no panacea but is indeed necessary to both reap the potential gains from international trade and mitigate its potential costs; thinks that, for AfT to be

considered a success, producers and traders in recipient countries must experience direct economic benefits;

8. Notes that trade, along with productive capacity more generally, has been somewhat neglected in aid programmes over the last 10 to 15 years in favour of an emphasis on essential efforts targeted directly at poverty reduction, which are not always the most effective means of achieving significant poverty reduction in the longer term; believes, therefore, that AfT initiatives offer a unique opportunity to work beyond the mutual distrust between trade and aid; considers therefore that, in order to restore the balance and find sustainable long-term patterns of production that can contribute to poverty reduction, it is imperative to pay special attention to the integration of trade and development strategies;
9. Acknowledges that development is not simply economic development but also development in areas such as health, education, human rights, environmental protection and political freedoms; considers, however, that these cannot be ensured in the absence of economic development, which generates the necessary resources;
10. Hopes that AfT can be the means of developing the ability of recipient developing countries to launch a process of South-South economic integration, something which has been lacking until now;
11. Urges the EU to fulfil all the commitments it made in the Doha Round to the LDCs by frontloading the development package as well as eliminating its agricultural export subsidies by 2013; stresses that the EU must urge the other members of the WTO to also fulfil their commitments to the LDCs;

The 2007 Joint European Strategy on Aid for Trade

12. Welcomes and strongly supports the emerging consensus, reflected in the Conclusions of the General Affairs and External Relations Council of 16 and 17 October 2006, that increased and more effective AfT is needed to enable all developing countries, particularly the LDCs, to better integrate into the multilateral, rules-based trading system, and to use trade more effectively in promoting the overarching objective of poverty eradication in the context of sustainable development;
13. Considers it of the utmost importance that, following the example of the "European Consensus on Development", Parliament be appropriately involved in the preparation and adoption of the 2007 Joint European Strategy on AfT;
14. Notes that the referred Joint Strategy should, first, establish the general principles for the EU's AfT, second, set a work programme with specific recommendations for the EU to attain and eventually improve the EUR 2 billion target for trade-related assistance by 2010 and deliver more effective AfT, third, establish the modalities for coordination and actual implementation at the different levels of AfT in keeping with the WTO Task Force recommendations and, lastly, define mechanisms for improving transparency, monitoring and control;

The Scope and Definition of Aid for Trade

15. Notes that one of the most contentious issues surrounding AfT relates to its very definition, since AfT is used to describe an extremely wide range of trade-related assistance measures provided to developing countries;
16. Recalls that, as defined by the OECD and the Development Assistance Committee (DAC), and recorded in the Doha Development Agenda Trade Capacity Building

Database (TCBDB), trade-related assistance has traditionally fallen into two basic categories: trade policy and regulation and trade development, the latter of which is interpreted as including private sector support and, to a lesser extent, supply-side constraints as well as some adjustment support;

17. Stresses, however, that the WTO Aid for Trade Task Force (WTO AfT TF) has added three further categories of AfT to the two existing categories: trade-related adjustment, trade-related infrastructure, and productive capacity;
18. Notes that, as these three AfT categories overlap with the existing two, and therefore risk being indistinguishable from general development cooperation, they cannot form the subject of the existing quantitative targets set by the Commission or commitments undertaken by the Member States until there is an international consensus on their definition, since this wider AfT area would be at risk of unclear reporting and double counting;
19. Believes, however, that the extra three categories proposed in the broad and ambitious definition of the WTO AfT TF are valuable in that they accurately reflect the wide-ranging trade-related needs of developing countries and should therefore be used in countries' development and poverty reduction strategies in order to promote the effective inclusion of all relevant trade-related priorities; considers that the key challenge, and opportunity, now is to develop a coherent set of instruments that combine to channel assistance that helps developing countries to engage in more advantageous trade and thus promote economic growth and poverty reduction and drive development forward;
20. Recommends the creation of inclusive processes at country level, supported by appropriate institutional structures that bring together domestic agencies, relevant ministries, including the Ministries of Trade (which traditionally have only had limited domestic influence in policy development), parliamentarians, trade unions, non-governmental organisations (NGOs), donors and the private sector, such processes being the starting point for identifying the real needs and priorities of AfT and for information sharing and policy dialogue;
21. Notes that AfT initiatives should pay greater attention to the crucial involvement of the private sector, especially small and medium-sized enterprises (SMEs), trade unions and civil society, both in the identification of needs and in the implementation of assistance, so as to allow AfT to better facilitate the creation and growth of enterprises, and the effective creation of decent jobs; in this regard, emphasises the need to allocate some AfT funding to Fair Trade, in accordance with paragraph 19 of its above-mentioned Resolution on Fair Trade and Development;

Beyond the Scope, within the Cause: The importance of the wider Aid for Trade agenda

22. Stresses that independently of the precise definition of AfT, the EU must contribute significantly to the wider AfT agenda;

Trade Adjustment

23. Notes that, while trade adjustment is not expressly referred to in the above-mentioned Hong Kong Ministerial Declaration it should be included as an important element of the wider AfT agenda; recalls, in this regard, that the UN Millennium Project's Task Force on Trade proposed a temporary "aid for trade fund", while the EU Trade Commissioner himself proposed (on 4 February 2005) the establishment of a special Trade Adjustment Fund to "help the poor to trade more effectively and ease the social costs of adjustment";

24. Notes that trade-related adjustment costs cover a wide range of issues, and mainly include: firstly, the costs of preference erosion, which particularly affect countries dependent on exports of textiles and agricultural commodities, secondly, loss of revenue from trade tariffs and, thirdly, costs resulting from increases in food prices which are likely to affect net food importing countries and which will mainly affect the poorer sectors of the population;
25. Emphasises that the added costs of compliance with product standard requirements, including sanitary and phytosanitary measures, and the costs of implementing WTO agreements, such as Trade-related Investment Measures (TRIMs), Trade-related Aspects of Intellectual Property Rights (TRIPS) and the General Agreement on Trade in Services (GATS), which requires sophisticated changes in policies and legislation, are often considered adjustment costs, but also emphasises that they overlap with the 'trade policy and regulation' AfT category; notes that costs relating to factors of production, such as those of managing short-term unemployment and of retraining, are also considered by some experts as trade-related adjustment costs;
26. Notes that balance of payments support is a general development policy tool that can and should also be utilised to address adjustment costs;
27. Stresses that adjustment costs are particularly relevant in the context of European Partnership Agreements (EPAs);
28. Recognises the growing concerns in Africa, Caribbean and Pacific (ACP) States at the methods of delivery, effectiveness and quality of EC-administered AfT in support of economic adjustment programmes;
29. Stresses that trade adjustment should not be understood as mere compensation to be paid for the erosion of preferences or the wider effects of liberalisation, but as a mechanism to facilitate the difficult transition to a more liberalised environment;
30. Believes that adjustment assistance in response to trade shocks is indispensable to facilitate acceptance of freer trade, since, in the absence of adjustment assistance and social safety nets, trade liberalisation will be resisted or reversed; considers that the EU's ability to finance and implement AfT in this regard will require a much deeper understanding of the adjustment processes that workers, consumers, businesses and governments of developing countries experience as a result of trade liberalisation;
31. Notes that the Trade Integration Mechanism (TIM) of the International Monetary Fund (IMF), which was devised in 2004 to help countries experiencing balance of payments difficulties to cope with the effects of trade liberalisation, is subject to usual IMF policy conditionality and terms of lending, and may therefore be unsuitable for countries that are already highly indebted and/or do not wish to have an IMF programme; acknowledges with concern that this is the only specific available multilateral mechanism for trade-related adjustment, and that it has to date only been utilised by three countries, namely Bangladesh, the Dominican Republic and the Republic of Madagascar;
32. Recommends that the Commission and the Member States, in the absence of new multilateral mechanisms to address trade-related adjustment costs, firstly assess the scope, efficiency and effectiveness of current assistance, making, in particular, a quantitative assessment - both descriptive and analytical - of the impact of this assistance; recommends that the Commission use a consistent methodology to assess how specific projects have supported trade and economic development, so as to help trade-related adjustment and, further, to devise, within the framework of the 2007 Joint European

Strategy on AfT, specific recommendations in this regard, secondly promote a new TIM by the International Financial Institutions (IFIs) that is more ambitious both in funding and scope and that can be more widely utilised and, thirdly, in the case of the Member States, develop, within the framework of their own national and regional programmes, concrete initiatives to address adjustment costs, particularly those which, like preference erosion, are to be resolved mainly between the recipients and the granters of preferences as well as those which are not properly addressed by the IMF's TIM;

33. Requests the Commission to clarify the budget lines that could be utilised to fund trade-related adjustment assistance and to assess, in this connection, the possible shortcomings of the current EU budget structure;
34. Emphasises the importance of providing aid for infrastructure as an important factor in the consolidation of national and regional markets and in the stimulation of export-led growth;

Infrastructure

35. Calls on the Commission, the Member States and the European Investment Bank (EIB) to provide a clear overview of the current assistance and planned initiatives that clearly have a trade infrastructure component; in this regard, calls for more ambitious intervention on the part of the EIB under a multi-annual plan to finance infrastructure in sectors such as road and rail transport, information and communications technology, airports and seaports;
36. Urges the Commission to make specific proposals on how to address the recommendations made by the WTO AfT TF on areas that may fall outside the scope of more narrowly defined EU AfT, in particular: building productive capacities, trade-related infrastructure and the adjustment challenges arising from trade liberalisation;

Other related issues

Regional integration and South-South trade

37. Believes that Regional Trade Agreements (RTAs) among developing countries and/or developed and developing countries are an effective means for ensuring the participation of developing countries in the global economy;
38. Recognises the significant value of South-South initiatives which, drawing on shared experience, disseminate best practice in the facilitation of trade, and expects the 2007 Joint European Strategy on AfT to propose specific measures to support such initiatives;
39. Emphasises that regional and South-South integration is a potentially powerful instrument for leveraging trade for development as it can enhance efficiency and competitiveness, enable economies of scale, create an attractive environment for Foreign Direct Investment (FDI), secure greater bargaining power, as well as contribute to the consolidation of peace and security;
40. Notes that regional or cross-country AfT needs are often insufficiently addressed in country-based programming practices; calls, therefore, on the Commission, the Member States and the IFIs to propose specific recommendations for improving existing mechanisms in order to address regional and cross-country AfT needs, including those specifically related to regional integration;

Agriculture

41. Notes that agriculture continues to be the principal source of income and employment in

most developing countries and therefore stresses the role of AfT in helping developing countries to address the challenges faced by their agricultural sector, particularly those affecting commodities such as sugar, bananas and cotton;

Services

42. Considers that, to date, the EU has focused comparatively very little of its trade-related assistance in the area of services, which is inconsistent with the importance of services in global trade; stresses, therefore, that the targeting of Official Development Assistance (ODA) and AfT funds in the area of services is essential to strengthen the potential of developing countries to manage and regulate their services sectors, to export services, and to comply with relevant regulatory and other services-related requirements in OECD countries; further, emphasises the need to provide developing countries with funding and legal and technical expertise so as to enable them to defend their economic interests at international level;

Labour and environmental standards

43. Stresses that specific assistance for putting in place legislation for ensuring effective compliance with the core labour standards set out in the International Labour Organisation's conventions, and also appropriate and effective environmental legislation, is a necessary component of the AfT agenda;

Promotion of Fair Trade

44. Calls for special attention to be paid to initiatives which best promote poverty reduction and sustainable development, including Fair Trade projects and initiatives facilitating female participation in the labour force;
45. Stresses that, within the context of building productive capacities, AfT should also support efforts to engage small and disadvantaged producers in trade, support the build-up of producer associations and their representative structures, facilitate access to trade finance and enable direct contacts to be made between producers and consumers, as this constitutes best practice in existing Fair Trade initiatives;
46. Believes that the creation of trade capacities that fall within the ambit of AfT must be accompanied by more effective efforts to ensure decent producer remuneration; in this connection recalls the importance of producer participation in the setting of prices, as envisaged in the Compendium of the Cotonou Agreement;

The principles of the EU's Aid for Trade

47. Stresses that the 2007 Joint European Strategy on AfT, in line with the OECD Paris Declaration, should establish the following general principles:

As regards rationale and geographical scope

- (a) AfT is no panacea for development but is indeed a necessary complement to trade liberalisation and domestic policy reforms carried out by developing countries themselves, and to appropriate WTO flexibilities,
- (b) a successful AfT requires the effective integration of trade and development strategies,
- (c) AfT should prioritise the LDCs and the most vulnerable developing countries,

As regards the Doha Development Agenda

- (d) AfT is not a substitute for the Doha Development Agenda (DDA) negotiations and the development benefits that will result from improved market access; AfT is a valuable and

necessary complement, which should contribute to the development dimension of the DDA by helping developing countries, particularly the LDCs, to implement and benefit from WTO agreements and more broadly by helping them to expand their trade; AfT is not part of the DDA single undertaking and is necessary in its own right, independently of progress in the Doha Round,

- (e) increased and more effective AfT should be expeditiously implemented regardless of the conclusion of the Doha Round,
- (f) AfT cannot be linked to any outcome of the negotiations or used to compensate for a lack of market access,

As regards the commitments for more Aid for Trade and its implementation

- (g) increased AfT must be proportional to the magnitude of the identified challenges, predictable, stable and complementary to – but not replace – existing development aid,
- (h) greater coherence with the different areas of external action, particularly trade and development policies, as well as greater complementarity and better harmonisation, alignment and coordination of procedures, both between the EU and its Member States and in relations with and between other donors are essential to ensure the consistency and effectiveness of AfT,
- (i) country ownership is crucial: AfT must be recipient-driven and be designed and implemented as an integral part of developing countries' own economic and developmental strategies and must be responsive to the demands of the private sector and civil society, including the Fair Trade movement,
- (j) AfT should be pursued following a differentiated approach depending on specific development contexts and needs, so that beneficiary countries or regions, and particularly their private sectors and civil society, are provided with specific, tailor-made assistance, based on their own needs, strategies, priorities and assets,
- (k) in view of the recurring problem of the lack of ownership of needs assessments by developing countries, due to a lack of capacity in some cases, AfT should support developing countries in the management, design and implementation of trade policies as an integral part of their own economic and developmental strategies; AfT should also be designed to address the specific development challenges identified by the beneficiaries and be closely aligned with country priorities, procedures and systems,
- (l) a key issue of AfT and aid effectiveness is the timeliness and predictability of the delivery of funding; in accordance with the Paris Declaration Principles, recipient countries should benefit from substantial multi-annual, predictable aid; AfT should be delivered in time to address both short- and long-term priorities and, ideally, should be aligned with the country or region's own programming cycle;

Scaling up Aid for Trade

- 48. Recalls that, at the Hong Kong Ministerial Conference, the EU and its Member States jointly pledged to increase collectively AfT to EUR 2 billion; notes that this pledge should be monitored on the basis of the traditional EU trade-related assistance categories of trade policy and regulation and trade development, as defined by OECD/DAC and recorded in the DAC/WTO DDA database;
- 49. Recognises, however, that, as the pledge is only to be in relation to trade-related assistance, there is a danger that available finance may be pushed toward this narrower strand of AfT in order to fulfil this target, and may prevent AfT from being genuinely

demand-led in those cases in which countries or regions prioritise trade-related infrastructure and adjustment; calls on the Commission to address this concern in the joint strategy;

50. Recalls that the EU has committed itself to increasing its overall ODA to 0,56% of GDP by 2010, which corresponds to EUR 20 billion in additional aid, and notes, therefore, that additional funding for AfT should be widely available within the margins of this increment and not at the expense of other development priorities;
51. Stresses that, because the AfT package should be additional to existing development aid, new AfT pledges should not lead to the shifting of resources already earmarked for other development initiatives, such as health and education projects, which are extremely important for building a strong economy;
52. Urges the EU and the Member States to fully implement, as soon as possible, their respective commitments as regards AfT in accordance with the general principles identified in this resolution;
53. Calls on the Commission to explain, in a specific work programme, how it is going to implement its pledge to increase current and planned Community funding to support AfT from the current average of approximately EUR 850 million per year to EUR 1 billion per year; notes, in this regard, that AfT additionality should be achieved by reference to an agreed base-line such as, for example, the average of 2002-04;
54. Stresses that the EUR 1 billion pledges by both the Commission and the Member States should be implemented without resorting to either the relabelling as AfT of aid formerly classified as aid for infrastructure or the double-counting, by Member States, of bilateral aid and contributions to the EU's external aid;
55. Calls on all major international donors to clarify the exact nature and scope of their pledges;
56. Requests the Commission to explain, in detail, the specific measures required to ensure that trade mainstreaming in the programming dialogue with beneficiary countries and regions leads to the effective delivery of the promised increased assistance;
57. Acknowledges the budget difficulties that the Commission faces when allocating funds for multilateral purposes; requests the Commission to clarify the needs for funding horizontal trade-related assistance initiatives, including bilateral, regional and multilateral initiatives, such as the Integrated Framework (IF); stresses, in this regard, that it proposed a new budget line, which has already been included in the 2007 EU budget, to fund multilateral programmes and initiatives in the field of trade-related assistance that offer added value to the Community's geographical programmes; stresses that the new budget line gives it greater control over expenditure relating to multilateral programmes and initiatives in the field of trade-related assistance, thus increasing the visibility and transparency of this kind of spending; requests the Commission to complete, as soon as possible, a funds assessment for horizontal trade-related assistance initiatives, including the IF;

Economic Partnership Agreements (EPAs)

58. Believes that appropriate support for EPA-related adjustment and accompanying measures will play a major role in determining the capacity of the ACP countries and regions to reap the potential benefits from EPA-related commitments and reforms; believes, moreover, that AfT to ACP countries is a necessary complement if they are to

take full advantage of the opportunities arising from the international trading system;

59. Welcomes the commitment that a substantial share of the EU and Member States' pledge to increase their trade-related assistance to EUR 2 billion by 2010 will be allocated to the ACP countries; notes with concern, however, that only the Member States' collective contribution is meant to be additional to European Development Fund (EDF) resources; regrets that the operational aspects of development support given to EPAs, and therefore the consequences of this decision on the EPA talks, remain undetermined, and urges the Council and the Commission to clarify the magnitude and budgetary nature of the Member States' contribution as soon as possible and well in advance of the conclusion of the EPA negotiations, with particular reference to issues relating to the available levels and scope of support, the mechanisms for its delivery, identified linkages and synergies with the 10th EDF programming, and to the process of linking AfT with the EPA negotiation and its implementation;
60. Calls for a review of the existing AfT programmes of the Member States insofar as they concern EPA-related adjustments, so as to identify the most efficient mechanism for delivering effective support in the processing of EPA-related adjustments;
61. Stresses the urgency of getting to grips with the challenge of efficiently delivering effective AfT to ACP countries already engaged in preferential trade with the EU (for instance Botswana, Lesotho, Namibia and Swaziland, which are half way through eliminating tariffs on trade with the EU);

The Integrated Framework

62. Welcomes the recommendations of the IF Task Force and, in view of the commitment made by the WTO 2005 Ministerial Conference to operationalise the Enhanced IF by 31 December 2006; urges donors, and the EU in particular, to clarify their pledges so that the Enhanced IF can be immediately, adequately and predictably funded and effectively implemented as soon as possible;
63. Recalls that an Enhanced IF should become *the* key tool in assisting the LDCs in defining their needs in the area of trade through the Diagnostic Trade Integration Studies, and should also become a substantial vehicle to assist the LDCs to mainstream trade into their national development plans and to improve their capacity to formulate, negotiate and implement trade policy;
64. Notes that the US\$ 400 million of Indicative Costing for the Enhanced IF, based on the participation of 40 LDCs over a period of five years, would amount to an average of US\$ 1-2 million per country per annum, which will be an improvement if effectively implemented but is nevertheless far from being a substantial response to existing challenges;
65. Calls for better coordination and coherence among various aid donors that reflect the proven competence of the agencies involved in delivering effective high-quality assistance in various AfT areas, as well as for more transparency regarding the aid allocated through trade-related assistance; insists, therefore, on the involvement of fully-fledged representatives of civil society and the private sector in the IF;
66. Notes the ambitious work program of the multi agency, ad-hoc consultative group on AfT; regrets, however, the lack of involvement of private sector, civil society and developing country representatives in this process;
67. Stresses that transparency in the delivery of aid and effective monitoring and evaluation

are essential for building confidence in developing countries and for continual improvement in the quality of assistance given;

68. Requests the Commission to develop quantifiable criteria for evaluating the effectiveness of AfT;
69. Notes the General Affairs and External Relations Council's decision that AfT for EPAs will only cover trade policy and regulations and trade development activities; urges the Council and the Commission to clarify how other needs arising from EPAs, such as trade-related infrastructure, building productive capacity and trade-related adjustment, will be addressed; considers that the Council and the Commission should further consider the most appropriate mechanisms of delivery for different categories of support as regards EPAs;
70. Notes that women benefit less from the opportunities presented by trade liberalisation and globalisation, while at the same time they are harder hit by the adverse effects of those phenomena, and urges the EU therefore, in its trade-related assistance programmes, to devote specific attention to increasing opportunities for women to participate in trade, particularly international trade;

Monitoring, evaluation, review and Parliament's role in scrutiny and oversight

71. Believes that the OECD/DAC should monitor the global AfT agenda so as to ensure maximum transparency in the management and destination of aid, but agrees with the recommendation of the WTO TF to incorporate AfT into the donor's and/or recipient's WTO Trade Policy Reviews;
72. Reiterates that the Commission should examine the progress made in implementing the measures taken in the AfT area and should submit to Parliament and the Council a bi-annual report (starting in 2008) on implementation and the results obtained and, as far as possible, on the main outcomes and effects of AfT assistance;
73. Requests explicitly that the bi-annual report contain specific information on the history of the measures financed, where appropriate showing results of monitoring and evaluation exercises, the involvement of the relevant partners, and the implementation of the pledges and budget commitments and payments, broken down by country, region and category of assistance; requests that the report also assess the progress made in mainstreaming trade into aid programming and the results achieved with the assistance, using, as far as possible, specific and measurable indicators of its role in meeting the AfT objectives;
74. Stresses that the Commission should submit to Parliament and the Council, no later than 31 December 2010, a second report evaluating the implementation of, and results obtained with, AfT assistance, if appropriate, together with a proposal to increase the budget for AfT and to introduce the necessary modifications to the AfT strategy and its implementation;

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75. Instructs its President to forward this resolution to the Council, the Commission, the governments of the Member States, the ACP-EU Council and the ACP-EU Joint Parliamentary Assembly.