

P6_TA-PROV(2008)0181

Free Trade Agreement with the Gulf Cooperation Council

European Parliament resolution of 24 April 2008 on the free trade agreement between the EC and the Gulf Cooperation Council

The European Parliament,

- having regard to its resolution of 13 July 1990 on the significance of the free trade agreement to be concluded between the EEC and the Gulf Cooperation Council (GCC)¹,
 - having regard to its resolution of 22 May 2007 on global Europe - external aspects of competitiveness,²
 - having regard to its resolution of 23 May 2007 on promoting decent work for all³,
 - having regard to the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions entitled ‘Global Europe: Competing in the World. A contribution to the EU’s Growth and Jobs Strategy’ (COM(2006)0567),
 - having regard to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on a common European approach to Sovereign Wealth Funds (COM(2008)115),
 - having regard to the Economic Agreement between the GCC States, adopted on 31 December 2001, in Muscat, Sultanate of Oman, and to the GCC's Doha Declaration on the launch of the Customs Union for the Cooperation Council of the Arab States of the Gulf of 21 December 2002,
 - having regard to Articles 188c and 188n, paragraph (6)(a)(v) of the Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, pursuant to which the Council must request Parliament's consent prior to the conclusion of any international agreement that covers fields to which the ordinary legislative procedure applies,
 - having regard to the European Parliament's annual human rights reports,
 - having regard to Rule 108(5) of its Rules of Procedure,
- A. whereas the EU should continue to give priority to a rule-based multilateral trading system established through the World Trade Organization (WTO), which is the best forum for fair and equitable international trade rules and ensuring compliance with them,
- B. whereas respect for and the promotion of human rights are essential for any agreement to be concluded by the EU with any country,

¹ OJ C 231, 17.9.1990, p. 216.

² Texts adopted, P6_TA(2007)0196.

³ Texts adopted, P6_TA(2007)0206.

- C. whereas the GCC is the EU's sixth largest export market and the EU is the GCC's leading trading partner; whereas EU exports to the GCC are diversified, consisting primarily (56% in 2006) of machinery and transport materials, and EU imports from the GCC consist mostly of fuels and derivatives,
- D. whereas GCC countries currently benefit from preferential access to the EU market under the EU's Generalised System of Preferences (GSP),
- E. whereas EU businesses still encounter serious barriers to trade in GCC states, and whereas, in particular, the 50% ceiling on holdings in local undertakings dissuade many EU businesses from seeking to invest in them,
 - 1. Believes that a trade agreement with the GCC is a useful supplement to the WTO multilateral system, provided it goes well beyond tariff reductions and deals with the qualitative conditions associated with trade, including effective provisions on human rights, and social and environmental standards;
 - 2. Considers, in light of the need for more sustainable trade patterns in order to combat climate change, that access to energy resources is a matter of multilateral rule-setting which must not be undermined by bilateral trade agreements that compete for the most favourable access conditions;
 - 3. Is concerned about the delay in the negotiation process, but notes with interest the substantial progress made in 2007; calls on both parties to make substantial advances in negotiations on the topics still outstanding before the EU-GCC Ministerial summit of 26 May 2008;
 - 4. Asks the EU institutions and the GCC, while developing and expanding harmonious economic relations, to strengthen their political and social dialogue;

Reciprocal market access

- 5. Underlines the crucial importance of market access, in addition to quota and tariff reduction or elimination, as well as the liberalisation of non-tariff barriers;
- 6. Asks the Commission to carefully define measures in the area of product standards (support in capacity building and exchange of human resources); recalls that the final objective of agreed standards is their enforcement, requiring their inclusion in the dispute settlement mechanism;
- 7. Gives priority to the effective enforcement of Intellectual Property Rights (IPR); calls for the conclusion of a free trade agreement (FTA) of which scientific and technical cooperation and intellectual property are essential elements;
- 8. Expresses its concern with regard to the possible distortions in competition caused in several GCC states by public subsidies or any other advantages connected with access to raw materials at lower costs than the world prices paid by EU operators, and considers that the FTA should reaffirm the existing WTO rules on subsidies and countervailing measures;
- 9. Expresses its concern about the asymmetric development of cross-border investments, as EU investments in the GCC region have decreased whereas GCC investments in the EU

have increased; proposes, therefore, improved cooperation in competition policy;

10. Stresses that all export subsidies should be eliminated in the short term; considers that priority should also be given to quantitative restrictions;

Sectoral issues

11. Stresses the importance of improving liberalisation of services and investment in the agreement, together with public procurement, while respecting the need to ensure universal, accessible and sustainable public services with affordable prices and high-quality standards for all;
12. Considers that the agreement should seek to promote increased transparency and accountability with regard to investments made by sovereign wealth funds;
13. Is concerned about non-tariff barriers such as restrictions on business services, where a reduction in unjustified constraints could lead to GCC firms having access to lower cost, more efficient banking, insurance and legal services;
14. Welcomes the above-mentioned Commission Communication on a common European approach to Sovereign Wealth Funds, in particular the proposal for a code of conduct governing their investment activities; stresses the importance of evaluating the participation of such funds in sensitive European sectors;
15. Calls for the inclusion of a mechanism stipulating that GCC petrochemical producers must incorporate their raw materials at international prices; considers that access to raw materials at low prices should be considered as subsidies distorting fair competition, and therefore be treated as dumping in the context of the WTO;
16. Asks the Commission to promote the use of the Euro in future trade between the Member States of the EU and the GCC;

Sustainable development

17. Stresses that enforceable human rights clauses are an essential part of an FTA with any country or region and should be included in the agreement as a suspension clause;
18. Considers that an ambitious, sustainable development chapter is an essential part of the agreement and recalls that the ultimate objective is the enforcement of agreed standards; takes the view that this requires the chapter to be subject to the standard dispute settlement mechanism;
19. Considers that the ratification and full implementation by the GCC Member States of the framework established by the United Nations Convention against Transnational Organised Crime, the United Nations Convention against Corruption and the International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families should play an essential role in ensuring that the FTA is accompanied by anti-corruption, transparency and social standards;
20. Insists that respect for democratic principles and fundamental rights, as laid down by the UN Universal Declaration of Human Rights of 10 December 1948, should inspire the domestic and international policies of the parties; encourages the efforts undertaken by the

GCC Member States to tackle discrimination against women, particularly within the labour market;

21. Expects the agreement to commit the parties to ratifying the core International Labour Organization conventions and ensuring their effective implementation; urges the Commission to consider ways of providing incentives to countries that improve labour standards, especially regarding migrant workers who make up the majority of the labour force in most GCC states;
22. Proposes that a mechanism be established whereby recognised human rights organisations and workers' and employers' organisations can submit requests for action which would be treated within a specified time limit and could result in ongoing follow-up and review provisions, in order to maintain pressure against violations of workers' rights;
23. Asks the Commission to submit an updated Sustainability Impact Assessment, particularly with regard to measures which may be required to mitigate the negative impact on certain groups or sectors;
24. Asks the Commission to consider the shift in trade patterns due to reciprocal liberalisation, and especially the impact on losses in GSP preference gains, in order to define optimum tariff reductions;
25. Stresses that, further to the FTA, cooperation between the EU and the GCC should be promoted, particularly in areas such as sustainable development, climate change and energy efficiency, including provisions on renewable energy and the Galileo programme;
26. Invites both parties to verify areas of increased cooperation in the framework of the present Euro-Mediterranean partnership, and particularly in the field of foreign direct investment;

EP role

- 27 Expects the Lisbon Treaty to enter into force before the conclusion of the negotiations, thus requiring parliamentary assent for this type of agreement; calls on the Commission to make the 2001 negotiating mandate available to Parliament;

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28. Instructs its President to forward this resolution to the Council and the Commission, the governments and parliaments of the Member States and of the GCC countries, and the GCC Secretary-General.