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REPORT

on the proposal for a Council decision on the Cooperation Agreement between the European Community and the Islamic Republic of Pakistan on Partnership and Development
(8108/1999 – COM(1998) 357 – C5-0659/2001 – 1998/0199(CNS))

Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

Rapporteur: Elmar Brok

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 7 December 2001 the Council consulted Parliament, pursuant to Article 300(3), first subparagraph of the EC Treaty, on the proposal for a Council decision on Cooperation Agreement between the European Community and the Islamic Republic of Pakistan on Partnership and Development (8108/1999 – COM(1998) 357 – 1998/0199(CNS)).

At the sitting of 13 December 2001 the President of Parliament announced that she had referred the proposal to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible and the Committee on Industry, External Trade, Research and Energy and to the Committee on Development and Cooperation for their opinions (C5-0659/2001).

At the sitting of 11 April 2002 the President of Parliament announced that she had also referred the proposal to the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs for its opinion.

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy appointed John Walls Cushnahan rapporteur at its meeting of 24 January 2002.

The committee considered the proposal for a Council decision and draft report at its meeting of 14 April 2004.

At this meeting it adopted the draft legislative resolution by 16 votes to 14.

The following were present for the vote: Elmar Brok (chairman), Baroness Nicholson of Winterbourne and Christos Zacharakis (vice-chairmen), John Walls Cushnahan (rapporteur), Alexandros Alavanos (for Pedro Marset Campos), Konstantinos Alyssandrakis (for André Brie pursuant to Rule 153(2)), Ole Andreasen, Maria Carrilho (for Alexandros Baltas), James E.M. Elles (for Michael Gahler), Glyn Ford, Per Gahrton, Richard Howitt, Giorgos Katiforis (for Véronique De Keyser), Efstratios Korakas, Joost Lagendijk, Baroness Ludford (for Bob van den Bos), Elizabeth Lynne (for Cecilia Malmström), Nelly Maes (for Reinhold Messner), Ioannis Marinos (for Per-Arne Arvidsson pursuant to Rule 153(2)), Philippe Morillon, Arie M. Oostlander, Jacques F. Poos, Ulla Margrethe Sandbæk (for Paul Coûteaux), Jacques Santer, Jürgen Schröder, The Earl of Stockton (for Gerardo Galeote Quecedo), Hannes Swoboda, Charles Tannock, Gary Titley (for Rosa M. Díez González), Joan Vallvé, Rijk van Dam (for Bastiaan Belder pursuant to Rule 153(2)) and Luigi Vinci.

Following the vote, Mr John Walls Cushnahan resigned as rapporteur. The committee therefore decided to submit the report in the name of the chairman, Mr Elmar Brok.

The opinions of the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs, the Committee on Industry, External Trade, Research and Energy and the Committee on Development and Cooperation are attached.

The report was tabled on 20 April 2004.

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council decision on the Cooperation Agreement between the European Community and the Islamic Republic of Pakistan on Partnership and Development

(8108/1999 – COM(1998) 357 – C5-0659/2001 – 1998/0199(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the proposal for a Council decision (COM(1998) 357)¹,
 - having regard to the draft cooperation agreement between the European Community and the Islamic Republic of Pakistan on Partnership and Development (8108/1999),
 - having regard to Articles 133, 181 and 300(2), first subparagraph of the EC Treaty,
 - having regard to Article 300(3), first subparagraph, of the EC Treaty, pursuant to which the Council consulted Parliament (C5-0659/2001),
 - having regard to the numerous previous resolutions on human rights,
 - having regard to Rules 67 and 97(7) of its Rules of Procedure,
 - having regard to the report of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the opinions of the Committee on Citizens' Freedoms and Rights, Justice and Home Affairs, the Committee on Industry, External Trade, Research and Energy and the Committee on Development and Cooperation (A5-0275/2004),
1. Approves conclusion of the agreement;
 2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and the Islamic Republic of Pakistan.

¹ OJ C 17, 22.1.1999, p. 6.

12 September 2002

OPINION OF THE COMMITTEE ON CITIZENS' FREEDOMS AND RIGHTS, JUSTICE AND HOME AFFAIRS

for the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

on the proposal for a Council decision on the Cooperation Agreement between the European Community and the Islamic Republic of Pakistan on partnership and development
(8108/1999 - COM(1998) 357 – C5-0659/2001 – 1998/0199 (CNS))

Draftsman: Baroness Sarah Ludford

PROCEDURE

The Committee on Citizens' Freedoms and Rights, Justice and Home Affairs appointed Baroness Sarah Ludford draftsman at its meeting of 20 February 2002.

The committee considered the draft opinion at its meetings of 19 March, 8 July and 12 September 2002.

At the latter meeting it adopted the following conclusions by 23 votes to 0, with 3 abstentions.

The following were present for the vote: Jorge Salvador Hernández Mollar, chairman; Robert J.E. Evans and Giacomo Santini, vice-chairmen; Baroness Sarah Ludford, rapporteur; Christian Ulrik von Boetticher, Alima Boumediene-Thiery, Marco Cappato (for Mario Borghezio), Michael Cashman, Ozan Ceyhun, Carlos Coelho, Gérard M.J. Deprez, Giuseppe Di Lello Finuoli, Gerardo Galeote Quecedo (for Mary Elizabeth Banotti), Adeline Hazan, Anna Karamanou (for Carmen Cerdeira Morterero), Eva Klamt, Ole Krarup, Alain Krivine (for Ilka Schröder), Bill Newton Dunn, Martine Roure, Patsy Sørensen, Joke Swiebel, Fodé Sylla, Anna Terrón i Cusí, Maurizio Turco, Olga Zrihen Zaari (for Margot Keßler).

SHORT JUSTIFICATION

Pakistan has been under military rule since October 1999 when General Musharraf ousted the democratically elected government. This coup was validated by the Supreme Court on condition that democracy would be restored within 3 years. After his 'appointment' as President in June 2001, and under heavy international pressure, Musharraf made a commitment to a return to democracy (the "roadmap" proposals of August 2001).

Negotiations on the 3rd Generation Cooperation Agreement, began in 1996, were concluded in 1998. Signature was postponed because of Pakistan's nuclear testing, human rights abuse and the military coup.

Following the events of 11 September, Pakistan assisted the international community against the Taliban and Al-Qaida and, as a result, the EU political dialogue with Pakistan, which had been limited after the military take-over, was reinstated. The Agreement was signed in November 2001, with a Joint Statement in which Pakistan reiterated its firm commitment to return to democratic government and to fighting terrorism.

The Agreement contains as Article 1 a clause which underlines that respect for human rights and democratic principles - which currently leaves much to be desired - constitutes an essential element. Annexed to it are declarations concerning future possible readmission agreements for the return of nationals illegally in the EU.

Democratic Government

President Musharraf was elected President for five years in the referendum in April; the government claimed 98% backed him on a 56% turnout but the opposition claim that only 5% of the electorate voted. According to Pakistan's Human Rights Commission, there were flagrant abuses.

It is now not at all clear how much power the elected politicians will have. Proposed constitutional changes would significantly alter the political system from a federal and parliamentary character to a presidential form of government. An EU delegation will be present to observe the elections, which must be free and fair.

Human Rights

Many factors, among them the existence of autocratic government and martial laws, the suspension of the constitution, religious intolerance, the role of the intelligence services and their promotion of fundamental terrorism (often supported by the West for opportunistic reasons during the Cold War) have all contributed to the persistence and intensification of severe infringements of human rights. These often hit religious/national minorities hardest.

The often second-class position of women through repressive laws and customs, including through discrimination in access to education, should also be specially noted. Discrimination has extreme expression in violence, even death, through rape, wife-burning or attacks with acid or scalding water. These criminal abuses are often perpetrated on a spurious pretext of religion or enforcement of 'honour' and the authorities too often turn a blind eye.

The blasphemy laws and the climate of intolerance and hatred they create cause discrimination and violence, even death, to Muslim minorities as well as Christians. The fact that the death penalty has been imposed on some who have fallen foul of the blasphemy laws illustrates the urgent necessity of its complete abolition.

Since 1974 the Ahmadiyya Muslims have been declared "Non-Muslims", suffered discrimination and had their daily religious observances and practices have been rendered criminal offences punishable with imprisonment.

The Sindhis, who are secular but mainly followers of Sufism, are a religious/national/cultural minority who claim their identity and self-expression have been suppressed through religious and linguistic discrimination and other denials of fundamental rights.

President Musharraf has made pledges to curb human rights abuses against women, children and religious minorities. He has condemned the practice of "honour killings" and said he would try to end the abuse of blasphemy laws. It is imperative that such discriminatory laws are repealed and those that are unjustly held pursuant to them released.

The government has formulated a plan aimed at combating child labour and is in the process of formulating a plan against bonded labour.

The UN Human Rights Commissioner Mary Robinson has urged Pakistan (which has so far only endorsed 3 of the 6) to ratify all UN conventions on human rights.

The United States has also criticised Pakistan's human rights record as "poor", citing lack of freedom for the judiciary, exile of politicians and extra-judicial killings. Pakistan rejects this as "factually inaccurate and unwarranted".

Restrictions exist on political activities. In 2001 more than 500 political activists were reportedly arrested to prevent them from holding a planned pro-democracy rally. However, the press remains relatively free.

In April 2002 a woman was sentenced under Islamic Sharia law to death by stoning for adultery by a district court in western Pakistan after the woman allegedly confessed. In past cases women sentenced to death for adultery have not actually been executed.

In the context of the EU-Pakistan Co-operation Agreement the situation in Kashmir cannot be neglected; a just and lasting solution taking into account the wishes of the Kashmiri people must be sought with the support of the international community including an active role by the EU. This is surely the only way to address the root cause of the conflict and terrorism as well as the human rights abuses.

CONCLUSIONS

The Committee on Citizens' Freedoms and Rights, Justice and Home Affairs calls on the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, as the

committee responsible, to incorporate the following points in its motion for a resolution:

The Cooperation Agreement between the EC and the Islamic Republic of Pakistan should be approved subject to the following :

- Article 1 of the Co-operation Agreement must be upheld so that a true respect for civil liberties, including freedom of speech and freedom of religion, is assured thereby upholding the democratic principles as laid out in the Universal Declaration on Human Rights, and so that strong encouragement for the abolition of the death penalty is advanced;
- discrimination and violence against women, including cruel punishments, should be tackled through Government leadership;
- legislation that has a discriminatory effect on minorities must be repealed and prisoners unjustly held under those laws must be released;
- Pakistan should sign and ratify the UN Conventions that remain outstanding as urged by UN Human Rights Commissioner Mary Robinson;
- a dialogue with the EU on migration issues generally, should take place as a complement to the declarations on co-operation and future readmission agreements for the return of nationals illegally in the EU.
- priority should be given to financing for civil society bodies, human rights organisations and other bodies which promote democracy and human rights;
- under the "road map for the return to democracy" as declared by President Musharraf in August 2001, open and democratic parliamentary elections should be held to mark the new beginning of constitutional rule;
- the situation regarding human rights in Pakistan must be closely monitored as must the situation in Kashmir.

6 April 2004

OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY

for the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

on the proposal for a Council decision on the Cooperation Agreement between the European Community and the Islamic Republic of Pakistan on partnership and development (8108/1999 - COM(1998) 357 – C5-0659/2001 – 1998/0199 (CNS))

Draftsman: Luis Berenguer Fuster

PROCEDURE

The Committee on Industry, External Trade, Research and Energy appointed Carlos Westendorp y Cabeza draftsman at its meeting of 24 January 2002. Following Carlos Westendorp y Cabeza's resignation, Luis Berenguer Fuster was appointed draftsman on 24 January 2004.

It considered the draft opinion at its meetings of 3 June 2002, 10 July 2002, 26 August 2002, 5 and 6 April 2004.

At the last meeting it adopted the following conclusions by 45 votes to 0, with 1 abstention.

The following were present for the vote: Luis Berenguer Fuster, chairman and draftsman; Peter Michael Mombaur, vice-chairman, Gordon J. Adam (for Imelda Mary Read), Konstantinos Alyssandrakis, Sir Robert Atkins, Danielle Auroi (for Nuala Ahern), María del Pilar Ayuso González (for Elizabeth Montfort), Ward Beysen (for Marco Cappato), Guido Bodrato, Giles Bryan Chichester, Nicholas Clegg, Benedetto Della Vedova (for Gian Paolo Gobbo), Marie-Françoise Duthu, Concepció Ferrer, Francesco Fiori (for Paolo Pastorelli), Neena Gill (for Erika Mann), Norbert Glante, Alfred Gomolka (for Werner Langen), Michel Hansenne, Malcolm Harbour (for Bashir Khanbhai), Meropi Kaldi (for Angelika Niebler), Hans Karlsson, Helmut Kuhne (for Mechtild Rothe), Rolf Linkohr, Hans-Peter Martin (for Daniela Raschhofer), Eryl Margaret McNally, Peter Michael Mombaur, Josu Ortuondo Larrea (for Caroline Lucas), Reino Paasilinna, Samuli Pohjamo (for Willy C.E.H. De Clercq), John Purvis, Bernhard Rapkay (for Massimo Carraro), Christian Foldberg Røvsing, Paul Rübig, Gilles Savary (for Harlem Désir), Esko Olavi Seppänen, Gary Titley, Claude Turmes, Alejo Vidal-Quadras Roca, Dominique Vlasto, Olga Zrihen Zaari, María Antonia Avilés Perea (for Umberto Scapagnini), Sabine Zissener (for Godelieve Quisthoudt-Rowohl), Gerhard Schmid (for Marianne Eriksson) and Paavo Väyrynen (for Colette Flesch) pursuant to Rule 153(2).

Introduction

The Community assistance to Pakistan has taken three forms: 1) a preferential trade package, 2) additional development aid, and 3) a 3rd generation Co-operation Agreement.

As to the trade package it includes measures concerning a quota increase of 15% for textiles and clothing products, and under the Generalised Preference System (GPS)¹, there will be a zero duty on EU imports of clothing for three years (2002-2004). These matters are stipulated in a Memorandum of Understanding². As to the development aid, under the multi-annual Asia budget allocation (B7-3000 and B7-3031), various projects amount to about €108 million. The 3rd generation cooperation agreement is the proposal under consideration.

The cooperation agreement is important for two reasons. Firstly, *all* cooperation agreements concluded between the EC and third countries entail important provisions that cover political, economic, development, trade, etc., aspects, which carry a burden of commitment by the contracting parties to respect and fully implement. Secondly, cooperation agreements have evolved in nature and over the past years and have now become important instruments in implementing foreign policy.

These two overriding reasons make the EC/Pakistan proposed cooperation agreement particularly important today because of its first article on "respect for human rights and democratic principles". However, it is for the leading committee to examine when this essential article is met. The ITRE committee would examine only the content of the articles of the EC/Pakistan agreement, which falls into its remit.

ITRE interest in the Agreement

Of the 24 articles plus the two annexes of the Agreement about 9 articles and Annex II on intellectual, industrial and commercial property fall in the competence of this committee. These *core* articles improve and develop the various aspects of economic and commercial cooperation through dialogue and partnership. It should be recalled that the Agreement is not a preferential agreement and does not contain a financial protocol, hence its focus on the commercial, economic and development aspects.

Trade and commercial cooperation (Art 3) should be improved while respecting WTO rules on anti-dumping and anti-subsidy measures, or by diversifying trade between them, and by seeking to eliminate barriers to trade, by protecting personal data and by Pakistan's accession to a number of multilateral conventions.

Economic cooperation (Art.6) would be facilitated by relying on matters on transfer of 'know-how and technology' from the EC to Pakistan, by market development and investment, by exchanges of information and business environment of the SMEs.

Industry and services (Art.7) will be promoted via a number of initiatives seeking to expand and diversify Pakistan's industrial base, or facilitating SME's access to capital, markets and technology, or encourage joint-projects in the field of joint venture, sub-contracting, licences and applied research.

Concentrating on projects related to generating, saving and efficient use of energy and to non-

¹ See the new Council Reg. (EC) N°2501/2001 of 10 December 2001 on GPS (OJ L 346, 31.12.2001, pp.1-59).

² See the Council Decision of 17 December 2001 (2001/935/EC) on an EC/Pakistan Memorandum of Understanding on transitional arrangements in the field of market access for textile and clothing products (OJ L 345, 29.12.2001).

conventional energy will intensify cooperation on energy matters (Art.10).

Intra-regional trade and specific studies on transport, communications and environmental matters will promote technical assistance (Art.11).

Cooperation in science and technology (Art.12) is stressed and will take the form of training and joint research programmes, exchange of information and transfer of know-how, presumably covered by the 6th research framework programme.

These core articles are also related to forces that determine growth, and should be seen in their proper context.

Trade and Economic situation

The principal trading partner of Pakistan is the EU. Its exports to the EU in 1997 and 1998 remained at €2.3 billion and increased in 2000 to €2.6 billion. EU exports to Pakistan dropped from €2 billion in 1997 to €1.6 billion in 1998 and slightly increased to €1.9 billion in 2000. The main Pakistan exports to the EU are cotton, textiles, garments and leather goods, while the EU exports to Pakistan are chemicals, transport equipment and machinery and electronics.

The demand for Pakistan exports has slackened because of the September 11 events and is likely to decline further if the competitiveness of export sectors is not improved and market access to the advanced economies is still geared to the *rules of origin*. Even the ‘Everything but Arms’ (EBA) initiative may not be of help to Pakistan if the current EU regime on *rules of origin* is maintained. Rules of origin define the *processing requirement* – that is to say Pakistan products must be made from domestically produced inputs or inputs from EU countries – and the *customs procedures* in order to avoid EU customs duties. Both make the cost of proving origin of products high.

Furthermore, Pakistan’s geographical position as a front-line state with respect of Afghanistan and India has resulted in lost exports due to lower demand, shipping and insurance costs, deferment of foreign direct investments, interruption of government projects in social and physical infrastructure and lack of private investment owing to lack of government investment in key economic sectors. The combination of the two effects has resulted in a severe balance of payments position.

Table: Main determinants of growth

Advanced economies	Developing economies
1. Trade	1. Trade
2. Technology	2. Production
3. Investment	3. Investment
- Direct foreign investment	- Direct foreign investment
- Portfolio investment	
4. Capital markets	4. Infrastructure
- banking	- Basic networks
- Financial services	- Social projects infrastructure
5. Micro and Macroeconomic policies	5. Low inflation
	6. Institutions and capacity building
	7. Financial stability
	8. Level of schooling and life expectancy
	9. Lower government consumption
	10. Maintenance of the rule of law

Given the fact that Pakistan is well integrated into the world economy - it is a member of IMF, the World Bank and WTO - the determinants of international growth are of importance to Pakistan. There is an agreement amongst policy makers that the *stage of development of a country limits the potential of forces inducing growth*. In other words, the technology factor associated with the digital economy is the prime source of growth in advanced economies where the information society is the prime mover of the knowledge-based economy. However, the same technology factor will be ineffective if applied to a developing country. A useful taxonomy of the determinants of growth by reference to the stage of development is shown in the table.

Hence for Pakistan the trade factor, the production base, foreign direct investment and infrastructure should be top priority. Yet there are important forces at work that would enable Pakistan to enhance its potential of growth by prioritising over the remaining factors, as shown in the above table.

Given the fact that the EP is not vested with formal powers over the opening of negotiations, the mandate given to the Commission or the signature of cooperation agreements, the draftsman is of the view that the leading committee should pay attention to the views expressed in this opinion.

SUGGESTIONS

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible, to take into account the views expressed in the following conclusions:

1. Is of the view that the Council, before concluding the cooperation agreement should be assured that the conditions stipulated in Article 1 are met;
2. Recalls the provisions of TEC Article 300, paragraph 2, second sub-paragraph, concerning the suspension of the application of an agreement, and calls upon the Council, in the context of its obligations arising from these provisions, to be attentive to the clauses of this cooperation agreement.

19 April 2004

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

for the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

on the proposal for a Council decision on the Cooperation Agreement between the European Community and the Islamic Republic of Pakistan on partnership and development
(8108/1999 - COM(1998) 357 – C5-0659/2001 – 1998/0199 (CNS))

Draftsman: Ulla Margrethe Sandbæk

PROCEDURE

The Committee on Development and Cooperation appointed Ulla Margrethe Sandbæk draftsman at its meeting of 23 January 2002.

The committee considered the draft opinion at its meetings of 20 February 2002, 28 May 2002 and 19 April 2004.

At the latter meeting it adopted the following conclusions unanimously.

The following were present for the vote: Margrietus J. van den Berg, acting chairman and vice-chairman; Ulla Margrethe Sandbæk, draftsperson; John Alexander Corrie, Nirj Deva, Concepció Ferrer (for Jean-Pierre Bebear), Glenys Kinnock, Emilio Menéndez del Valle (for Francisca Sauquillo Pérez del Arco), Maj Britt Theorin, Elena Valenciano Martínez-Orozco (for Miguel Angel Martínez Martínez), Anne E.M. Van Lancker (for Karin Junker), Michel-Ange Scarbonchi (for Yasmine Boudjenah) and Jürgen Zimmerling.

SHORT JUSTIFICATION

Background

Negotiations on the Cooperation Agreement with Pakistan began in 1996 but were protracted owing to the reluctance of Pakistan Government to accept standard clauses on respect for human rights and democratic principles and on suspension in case of non-compliance with obligations established, and to agree to the conclusion of readmission agreements with the Member States of the European Union. Negotiations were, however, concluded in 1998 and the text was initialled.

Signature thereafter was repeatedly postponed because of EU concerns over nuclear tests, human rights abuses and the Kargil fighting. The military overthrow of Pakistan's elected government in October 1999 led the EU to put the signature of the agreement on hold for an indefinite period.

In August 2001 President Musharraf produced a 'roadmap' for a return to democratic rule and announced that elections to Provincial Assemblies, the National Assembly and the Senate would be held in October 2002 in line with a recent ruling of Pakistan's Supreme Court. This, together with the Pakistan Government's subsequent support for operations against Al-Qaeda and the Taliban régime in Afghanistan, led to the Agreement's being signed in November 2001.

Parliament has been consulted pursuant to Article 300 of the Treaty establishing the European Community - a simple consultation which means nevertheless that an Agreement can not be concluded before Parliament's Opinion has been delivered, unless the Council decides to establish a time-limit for submission of this Opinion which has not been respected by Parliament. Council did not set such a time limit.

The Foreign Affairs Committee reopened the procedure by discussing the agreement at its meeting of 18 March 2004. On 6 April 2004, the Foreign Affairs Committee voted in favour of the conclusion of the procedure before the end of this legislature. On 14 April, it voted in favour of the conclusion of the agreement itself.

The Cooperation Agreement

The Agreement is a classical bilateral third-generation accord, dealing in general terms with cooperation in a wide range of areas including trade, development and economic cooperation and regional, science and cultural matters. Specific clauses cover commitments to cooperate in the fields of human rights, education, health, poverty alleviation, environmental protection and drug trafficking.

It includes a Joint Declaration on Intellectual, Industrial and Commercial Property and an undertaking by Pakistan to conclude readmission agreements with EU Member States on its nationals who are present illegally in the territory of a Member State. It provides for the establishment of a Joint Commission to meet annually to discuss issues related to the Agreement's implementation.

Other cooperation measures

The EU also agreed to the resumption and upgrading of political dialogue with Pakistan, a preferential trade package and additional development aid. Parliament is not consulted on these matters.

In October 2001 the Commission concluded a Memorandum of Understanding with Pakistan that aims to mutually increase market access to the other party's textile and clothing exports. The package would make Pakistan eligible for the new EC Generalised System of Preferences for countries combating drugs, resulting in the elimination of the existing 7 per cent tariff on Pakistani textile and clothing products as well as increasing the European import quotas by 15 per cent on a one-off, across-the-board basis. In return, Pakistan would reduce its duties in the textiles and clothing sector by 5 per cent across the board from 2001 levels. For Pakistan this deal would eliminate €150 million of duties per annum and would grant additional concessions worth €1 billion. In December 2001 the Council adopted a decision based on this Memorandum of Understanding, authorising provisional application of the Textile Agreement from 1 December 2001.

Development Cooperation

Priority is given to poverty alleviation and social sector development, in particular primary education and health care. Projects are currently being implemented to the value of some €180 million. The 2002-2006 Country Strategy Paper sets poverty reduction and linking trade with development through furthering Pakistan's integration into the world economy as key objectives.

The EU proposes two priority areas for cooperation during the reference period, which together would account for some 88 per cent of available resources from the multi-annual Asia budget allocation:

- human development in the education sector with focus on poverty reduction (80 per cent); a sector programme, emphasising good governance and accountability in the provision of education services will be a cornerstone of this;
- trade development and promotion of business and institutional links (8 per cent).

€50 million has been earmarked for 2002 from the Asia budget for an aid package in response to the crisis in the region, to be provided as quick-disbursing budgetary support under a Financial Services Sector Reform Programme aiming to assist the reform and expansion of financial services in Pakistan. Further measures include accelerated disbursement of €31 million under the ongoing Social Action Programme and commitment of €22.9 million for a project to strengthen livestock services.

Human Rights and Democracy

The military government presented a policy framework on human rights in a Human Rights National Convention in April 2000. It promulgated a Juvenile Justice System Ordinance protecting children's rights and established a National Commission on the Status of Women. It formulated an action plan to eradicate the worst forms of child labour and is drawing up an action plan against bonded labour. The press is relatively free.

However, there are some very serious human rights problems. The incidence of child labour (estimated at 3.3 million children of 5-14) and bonded labour remains high. Corruption is widespread despite the Government's accountability drive which has led to the sentencing of a number of prominent individuals and the dismissal of many civil servants. Severe blasphemy laws hit at religious minorities. Women are subject to 'honour killings' and acid attacks. Torture and unlawful detention is widespread, though extrajudicial killings have declined sharply. The death penalty exists and is applied (six executions at least in 2000).

In addition of course President Musharraf overthrew a democratically elected government. On 30 April 2002, a referendum was held where electors were to express themselves for or against Musharraf's being president for a further five years, which President Musharraf won clearly according to the government's figures. The independent Human Rights Commission called the result "a humiliating fraud".

Since 2002, human rights violations continue, in particular regarding the situation of women. In general, some progress in the political sector has occurred, although pressure against opposition politicians is still exerted. In summary, progress in Pakistan concerning the human rights situation, democratisation and the political role of the military is still largely insufficient.

CONCLUSIONS

The Committee on Development and Cooperation asks that the Commission present a report to Parliament one year after the entry into force of the agreement on its implementation and on its impact on human rights and democratisation. If there is no improvement concerning human rights and democracy the Commission should consider the necessary steps.