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*Committee on Development*

**2008/0061(AVC)**

19.11.2008

## **DRAFT OPINION**

of the Committee on Development

for the Committee on International Trade

on the proposal for a Council decision concluding the Economic Partnership Agreement between the European Community and its Member States, of the one part, and the CARIFORUM States, on the other part  
(COM(2008)0156 – C6-0000/2008 – 2008/0061(AVC))

Rapporteur (\*): Jürgen Schröder

(\*) Associated committee – Rule 47 of the Rules of Procedure

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## SHORT JUSTIFICATION

### Justification

In Article 36 of the Cotonou Partnership Agreement EU and ACP countries agreed to conclude WTO compatible new trade agreements *"removing progressively barriers to trade between them and enhancing cooperation in all areas relevant to trade."* Article 37 provides that the *"Economic Partnership Agreements shall be negotiated during the preparatory period which shall end by 31 December 2007 at the latest"*.

In 2002, the first phase of negotiations started between the Commission and the ACP group on issues of general interest to the all ACP countries of the agreements followed by separate negotiations with six ACP regions that were established for the EPA negotiations (Caribbean, West Africa, Central Africa, Eastern and Southern Africa (ESA), SADC minus, Pacific). At the end of the negotiations in 2007, the EAC (Eastern African Community) split up from the ESA negotiation group.

Only the Caribbean agreed after five years of negotiations in the end of 2007 to initial a full economic partnership agreement, which includes all aspects of economic cooperation and development. On 16 December 2007, the Commission for the European Community and 15 CARIFORUM States (Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago) initialled the agreement, which was signed by the EU and 14 CARIFORUM States on 15 October 2008, and by Guyana on 20 October 2008. Haiti did not sign the agreement.

Since beginning 2008, the duty and quota free access of CARIFORUM products to the EU market had been applied according to Council Regulation (EC) No 1528/2007 of 20 December 2007 applying the arrangements for products originating in certain states which are part of the African, Caribbean and Pacific (ACP) Group of States provided for in agreements establishing, or leading to the establishment of, Economic Partnership Agreements (OJ L 348, 31.12.2007, p. 1). Immediately after signature, the Commission notified the agreement to the WTO, therewith proving the WTO conformity of the EU import regime for goods from ACP States having signed EPAs.

Strong difficulties appeared during the negotiations and after initialling, in particular when the debate was reopened in Guyana. It has to be underscored that - beside the difficulties of substance - obviously tone and tactics of the Commission negotiators jeopardized the traditionally good EU-Caribbean negotiations. Your rapporteur deplores this deeply, however, congratulates the CARIFORUM States for the result of negotiations and their decision to sign the EPA.

Haiti, as the only LDC of the CARIFORUM group, did not sign the EPA. As LDC, it can benefit of the Everything But Arms schedule under the General System of Preferences (GSP). Therefore, the immediate need to secure the free access to the EU market via the EPA does not exist. Given the difficult political and economic situation of the country, Haiti should not be pressed but given the time, it needs to decide.

The EPA with CARIFORUM can have a positive impact on the development of the Caribbean countries. In the view of your rapporteur, a swift ratification and implementation process combined with the necessary reforms are conditions to bring about the positive impacts of the EPA.

Implementation of the EPA and reforms can only work properly if the EPA is accompanied by considerable Aid for Trade (Aft) packages to make up for net customs losses and increase the economic activity in the CARIFORUM states.

The main reason for the decision to include Article 36 in the Cotonou Agreement was the non-compatibility with WTO rules of the free access of goods from all ACP countries to the EU under the Lomé Treaties. Therefore, the biggest part of the EPA deals with the trade in goods. However, it was made clear from the beginning by all parties that the objectives of the agreement would be in line with the objectives of the Cotonou Partnership Agreement, which is the basis of the EPA EC-CARIFORUM.

The EPA itself (Article 1), formulates the "reduction and eventual eradication of poverty through the establishment of a trade partnership consistent with the objective sustainable development, the Millennium Development Goals and the Cotonou Agreement" as its first objective, followed by "promoting regional integration, economic cooperation and good governance thus establishing and implementing an effective, predictable and transparent regulatory framework for trade and investment between the Parties and the CARIFORUM region."

The EPA with CARIFORUM is linked in different ways closely with the Cotonou agreement. It is "based on the Fundamental Principles as well as the Essential and Fundamental Elements of the Cotonou Agreement". It shall "build on the provisions of the Cotonou Agreement and the previous ACP-EC Partnership Agreements [i.e. the four Lomé-Agreements and the preceding Yaoundé-Agreements] in the area of regional cooperation and integration as well as economic and trade cooperation.

The agreement contains detailed rules for the import and export of goods. The EU accepts to apply no customs duties and quotas since 1 January 2008, the CARIFORUM States will gradually open their markets for about 87% of the goods imported from the EU and originating in the EU over the next 25 years. This will lead to net-losses in customs revenue, but the CARIFORUM States have time to adjust and will be supported by Aid for Trade. It is hoped that the necessary reform in the customs and fiscal sector could be of benefit for the development of the public financial system of the CARIFORUM States in general.

The EPA contains provisions for Trade in Services, investment, competition, innovation, intellectual property and procurement. All these areas have been examined with some preoccupation by players in the CARIFORUM States and in the EU. Effects of these chapters on the development of the CARIFORUM States are difficult to predict. However, safeguards are included as well as accompanying measures in order to make the provisions a success in term of development of the countries concerned.

The available financial instruments for development cooperation will be used by the EU in

order to accompany the EPA with CARIFORUM. Financial support will come from the Regional and National Indicative Programmes of the EDF as well as from the all-ACP programmes. In addition, CARIFORUM will receive its share of the trade related assistance of € 1 billion annually pledged by the EU and the Member States.

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## **Conclusion**

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to propose that Parliament gives its assent subject to ratification of the Economic Partnership Agreement by CARIFORUM States.