

RESOLUTION
OF THE 92nd SESSION OF THE ACP COUNCIL OF MINISTERS
HELD IN BRUSSELS, BELGIUM, FROM 8th TO 10th NOVEMBER 2010

ECONOMIC PARTNERSHIP AGREEMENTS (EPAs)

The ACP Council of Ministers,

- meeting in Brussels, Belgium, from 8 to 10 November 2010,

- A. HAVING REGARD** to the objectives of the Cotonou Agreement which include, *inter alia*, fostering the smooth and gradual integration of ACP States into the world economy;
- B. HAVING REGARD** to the special historical relationship with the European Union which offered ACP States preferential access into the EU market, albeit with WTO waivers and which necessitated rendering the ACP-EU trade regime WTO compatible;
- C. WHEREAS** in 2000 under the 'Cotonou Agreement' the ACP and EU agreed that EPAs would be negotiated and concluded by the end of 2007; and **WHEREAS** the EPAs **were designed to preserve ACP preferences** while requiring ACP States to gradually and asymmetrically open their markets in accordance with their political choices and levels of development;
- D. WHEREAS** the ACP States welcomed the EPAs in anticipation of a strong trade and development package that would build the competitiveness of their industries and diversify their economies; and **WHEREAS** the European Union has continued to stress that the development dimension of the EPAs lies in the outcome of the extensive economic and trade liberalization and reforms;
- E. WHEREAS** the EU continues to demand that liberalization of ACP markets should not be confined to trade in goods only – which would suffice to satisfy WTO requirements – but that 'full' EPAs should also include the liberalization of services, investment and government procurement, the introduction of competition rules and the reinforcement of intellectual property rights protection, including geographical indications, provisions on sustainable development and cooperation in tax matters;
- F. WHEREAS** the demand by the EU that EPAs should entail the elimination of tariffs on at least 80% of trade, in 15 years leaves ACP States with very little scope to support existing or future manufacturing industries, and **WHEREAS** by exposing their agriculture output to competition with subsidized imports, ACP States are left with almost no flexibility to support the value-addition that is such a fundamental requirement for moving up the development ladder;
- G. WHEREAS** the 'Standstill' clauses - that freeze tariffs at current levels - and inadequate 'safeguards' could in addition, make it difficult for ACP States to defend their agricultural sectors from subsidized EU imports, which could in turn undermine food security and livelihoods, particularly given that the EU recently re-introduced export subsidies in agriculture;
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- H. WHEREAS** the elimination of tariffs would place a serious gap in many ACP States' budgets, which rely upon import duties and trade taxes for up to 40% and beyond, of their government revenue. This is particularly worrisome in a context where the economic downturn is already placing great strain on ACP governments' budgets;
- I. WHEREAS** EPAs were intended to be regional agreements, which would support the integration of small and fragmented ACP markets into stronger regional economies, and **WHEREAS** studies predict that granting free market access for the EU would undermine the scope for the ACP to

first build up their own regional production chains. **WHEREAS**, in the rush to conclude agreements at the end of 2007, a number of countries were obliged to sign individual agreements – creating different trade regimes with the EU to those of their neighbours and thus undermining regional integration;

- J. **WHEREAS** ACP States would need significant additional resources to cover the adjustment costs from EPAs, such as declining revenues and job losses, and to build their production systems and competitiveness in order to benefit from access to EU markets;
- K. **CONCERNED** that in addition to extensive liberalization of trade in goods, the EU demands that ACP States should make commitments that aim to enable European investors to operate more easily in ACP markets. **FURTHER CONCERNED** that rules on intellectual property could undermine access to medicines and technology in ACP States. In addition, services liberalization and inclusion of competition, government procurement and taxation provisions could restrict the ACP governments' scope and policy space to regulate investors in the public interest or to give domestic small and medium enterprises a boost – just as European governments are supporting their SMEs in times of global economic downturn;
- L. **WHEREAS** the ACP States have been negotiating EPAs in seven different regional configurations with the EU for the past 8 years and yet so far, only 36 out of 77 ACP States have either initialled or signed an interim or full Agreement with the European Union (EU);
- M. **WHEREAS** save for the CARIFORUM region that has already signed a full EPA, negotiations to conclude a comprehensive agreement, which also include those who have not yet agreed to the interim EPA so far, are continuing;
- N. **FURTHER CONCERNED** that the EC negotiators have continued to exert severe pressure to ACP States to sign up to agreements that do not fully reflect their concerns and interests; and **WHEREAS** the negotiating process has not taken account of requisite asymmetries based levels of development;
- O. **WHEREAS** there remain some key issues of serious concern to most ACP States and regions. These "contentious" issues include, *inter alia*, the definition of substantially all trade and the time frame for liberalisation; export taxes and quantitative restrictions; inclusion of a Most Favoured Nation (MFN) clause; non-execution clause; standstill clause; safeguard measures, including agriculture and treatment of infant industry; phasing out of the community levies; elimination of export subsidies; and inclusion of the development dimension for financing EPA implementation;

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- P. **CONCERNED** that while the EU has engaged with the African and Pacific countries and regions on some of these issues, it has not yet shown the requisite flexibility in its response;
- Q. **HAVING REGARD** to the outcome of the ACP and Joint ACP-EU Ministerial Trade Committee meetings held in Brussels from 20 – 22 October 2010 and the extensive deliberations on EPAs negotiations and implementation.

RESOLVE TO

1. **STRESS** that the conclusion and smooth implementation of comprehensive and balanced EPAs that would help to speed up the sustainable development of the ACP States and the strengthening of regional integration must remain a joint and shared aim of the ACP and the EU. In this context, the ACP Group reiterates its total commitment to ensuring that the negotiations are concluded as quickly as possible.
2. **RE-AFFIRM** the need for objective criteria, based on the policy objectives agreed to by the international community, at the multilateral level be used to determine the parameters that

would enable the conclusion and implementation of the EPAs. Agree that indicative criteria may be linked to the following areas: Millennium Development Goals (MDGs); industrial production, particularly the manufacturing sector; agricultural production; degree of transformation of exports; intra-regional trade; intra-ACP trade; ACP-EU trade; the price of agricultural and mining commodities; currency exchange rates; level of official development aid; and level of foreign direct investment.

3. **URGE** the EU to maintain Market Access Regulation (MAR) 1528 until the full EPAs have been signed and implemented with a view to provide stable, predictable and increased market access for ACP exports covered by the EPAs. Furthermore, the MAR 1528 should be extended to non-LDC ACP States which are in the negotiating process, whether or not they have initiated an interim or full EPA.
4. **REITERATE** to the EU the need for increased resources with jointly agreed binding modalities for mobilization, jointly defined financing mechanisms and structures; joint assessment of the implementation of programmes in the development matrix and the inclusion of development criteria by which to assess the effective contribution of the EPAs to the development of the ACP States.
5. **STRESS** that EPAs must build on pre-established integration schedules. **FURTHER STRESS** that the EPA process must take account of the specificities of the weakest states in the regions and thereby act as a unifying factor within the respective negotiating regions.
6. **STRONGLY URGE** the EU to exercise the required flexibility in respect of least developed and vulnerable countries as is politically appropriate bearing in mind the range of existing flexibilities in the Regional Trading Arrangements (RTAs) already notified to the WTO. The definition of the liberalization level and timeframe must therefore be based on regional needs and be jointly defended at the WTO.
7. **REQUEST** the EU to consider granting GSP EBA Facility to ACP regions whose majority membership comprises LDCs, and which so request, with a view to foster regional integration and in light of the fact that such an offer is politically defensible even in the WTO;
8. **REITERATE** that the EU should demonstrate maximum flexibility on all the outstanding contentious issues, with a view to resolving them and thus afford the ACP States and regions the opportunity to encourage industrialization, infant industry development, value addition, enhance revenue collection, pursue bilateral agreements with third parties, particularly in the context of south-south trade, and allow for maximum use of policy space for development purposes.
9. **REQUEST** the EU to include a specific safeguard clause for agriculture in the framework of the EPAs while maintaining the possibility of resorting to the Special Safeguard Mechanism during WTO negotiations, in view of the fact that agriculture is the mainstay in many ACP States and regions, and hence there must sufficient flexible and automatic means to protect the livelihoods of the many small farmers and to ensure food security.
10. **RE-AFFIRM** that until an alternative source of funding is secured for supporting regional integration, retention of community levies by the concerned regions remains a non-negotiable issue.
11. **NOTE** that ACP States and regions are not bound to include provisions on relations with Turkey in the EPA, due to the fact that Turkey is not a direct stakeholder in the EPAs.
12. **TAKE NOTE** of the efforts by the Caribbean region to implement the comprehensive CARIFORUM-EC EPA, by *inter alia*, finalising the establishment of EPA institutions and holding the inaugural meeting of the CARIFORUM-EU Council. **URGE** the EU facilitate the speedy implementation of the EPA related projects that have been formulated by the CARIFORUM States and region.

13. **REQUEST** the EU Member States to explore the possibility of reviewing the June 2002 negotiating mandate given to the European Commission to negotiate EPAs, with a view to defining the issue of flexibility and integrating binding development cooperation provisions, including the provision, on predictable and sustainable basis, of adequate additional resources necessary for the conclusion of development-friendly EPAs that also support regional integration.
14. **INVITE** the Africa-EU Summit to address the impasse in the EPA process with a view to seeking a mutually acceptable solution for the parties concerned.
15. **REQUEST** the President of Council to forward this resolution to the Africa Union Commission, ACP regional organizations, the Council of the European Union, the European Parliament and the European Commission, for appropriate consideration.

Brussels, 10 November 2010
