

ACP-EU JOINT PARLIAMENTARY ASSEMBLY

ACP-EU/100.463/09/fin.

RESOLUTION¹

on Economic Partnership Agreements (EPAs) and their impact on ACP States

The ACP-EU Joint Parliamentary Assembly,

- meeting in Prague (Czech Republic) from 6 to 9 April 2009,
- having regard to Article 17(1) of its Rules of Procedure,
- having regard to Article 178 of the Treaty establishing the European Community,
- having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 (the Cotonou Agreement)²,
- having regard to the Decision³ of the Eleventh ordinary session of the African Union Assembly of Heads of State and Government, meeting in Sharm El-Sheik, Egypt, from 30 June to 1 July 2008, on the report on Economic Partnership Agreements,
- having regard to the Declaration of the Tenth ordinary session of the African Union Assembly of Heads of State and Government, meeting in Addis Ababa, from 31 January to 2 February 2008, on Economic Partnership Agreements,
- having regard to the ‘Accra Declaration’ adopted on 3 October 2008 at the 6th Summit of the ACP Heads of State and Government,⁴
- having regard to the Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee of 12 April 2005 on Policy Coherence for Development – Accelerating progress towards attaining the Millennium Development Goals⁵,
- having regard to the conclusions adopted by the General Affairs and External Relations Council (GAERC) in May 2005 in respect of the Millennium Development Goals⁶,
- having regard to Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff preferences⁷,

¹ Adopted by the ACP-EU Joint Parliamentary Assembly on 9 April in Prague (Czech Republic)

² OJ L 317, 15.12.2000, p. 3.

³ AU/Dec. 197(XI)

⁴ ACP/28/025/08

⁵ COM(2005) 134 final

⁶ 9266/05

⁷ OJ L 169, 30.6.2005, p. 1.

- having regard 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 Agreements¹,
- having regard to the conclusions of the 2870th EU General Affairs and External Relations Council meeting of 26 and 27 May 2008 on the Economic Partnership Agreements,
- having regard to the resolution of the ACP-EU Council of Ministers adopted in Addis Ababa on 13 June 2008,
- having regard to the Communication of 27 June 2007 from the Commission to the European Parliament and the Council entitled 'From Cairo to Lisbon – The EU-Africa Strategic Partnership' (COM(2007)0357),
- having regard to the Communication of 23 October 2007 from the Commission to the European Parliament and the Council, on Economic Partnership Agreements (COM(2007)0635),
- having regard to the General Agreement on Tariffs and Trade (GATT), in particular Article XXIV thereof,
- having regard to the United Nations Millennium Declaration of 8 September 2000, which sets out the Millennium Development Goals as criteria collectively established by the international community for the elimination of poverty,
- having regard to the Declaration of the second Conference of African Ministers in Charge of Integration, adopted in Kigali, Rwanda, on 26 and 27 July 2007,
- having regard to the Declarations of the Fourth and Fifth African Union Conference of Ministers for Trade, meeting in Addis Ababa on 3 April 2008 and 2 March 2009, on Economic Partnership Agreements,
- having regard to the report presented by Ms Christiane Taubira, Member of the French National Assembly, on 16 June 2008 entitled: 'Les Accords de Partenariat Economique entre l'Union européenne et les pays ACP. Et si la Politique se mêlait enfin des affaires du monde?',
- having regard to the European Parliament resolution of 26 September 2002 on the European Parliament's recommendations to the Commission concerning the negotiation of Economic Partnership Agreements with the ACP countries and regions²,
- having regard to the European Parliament resolution of 23 March 2006 on the development impact of Economic Partnership Agreements (EPAs)³,
- having regard to the European Parliament resolution of 23 May 2007 on Economic Partnership Agreements⁴,
- having regard to the European Parliament resolution of 23 May 2007 on the EU's Aid for

¹ OJ L 348, 31.12.2007, p. 1-154

² OJ C 273E, 14.11.2003, p. 305.

³ OJ C 292E, 1.12.2006, p. 121.

⁴ OJ C 102E, 24.4.2008, p. 301.

Trade¹,

- having regard to the European Parliament resolution of 12 December 2007 on Economic Partnership Agreements²,
 - having regard to its resolution of 19 February 2004 on Economic Partnership Agreements (EPAs): problems and prospects³,
 - having regard to its resolution of 23 November 2006 on the review of negotiations on Economic Partnership Agreements (EPAs)⁴,
 - having regard to its Kigali Declaration for development-friendly Economic Partnership Agreements (EPAs), adopted on 20 November 2007⁵,
 - having regard to the report by the Committee on Economic Development, Finance and Trade (ACP-EU/100.463/09/fin.),
- A. whereas Article 36(1) of the Cotonou Agreement contains the agreement of the European Union and the ACP States to conclude 'WTO compatible trading arrangements, removing progressively barriers to trade between them and enhancing cooperation in all areas relevant to trade',
- B. whereas, however, Article 37(3) of that Agreement lays down that a 'preparatory period shall also be used for capacity-building in the public and private sectors of ACP countries',
- C. whereas negotiations between the European Union and the ACP Group of States on issues of general interest started in 2002 and were followed by separate negotiations between the EU and six EPA regions (Caribbean, West Africa, Central Africa, Eastern and Southern Africa, SADC minus, Pacific),
- D. whereas the 15 Member States of the Caribbean Forum of African, Caribbean and Pacific States (CARIFORUM) initialled an Economic Partnership Agreement with the EU and its Member States on 16 December 2007,
- E. whereas 18 African countries, of which 8 are Least Developed Countries (LDCs), initialled 'stepping stone' Economic Partnership Agreements in November and December 2007, while 29 other African ACP countries, of which three are non-LDCs, did not initial any EPAs, and whereas South Africa had already signed up to the Trade, Development and Cooperation Agreement (TDCA), a WTO compatible trade regime with the European Union,
- F. whereas Papua New Guinea and Fiji, two non-LDC ACP countries, initialled an interim Economic Partnership Agreement on 23 November 2007, while the remaining Pacific ACP countries (six LDCs and seven non-LDCs) did not initial an EPA,
- G. whereas in 2008 only the agreement between the CARIFORUM States and the EU and the interim agreements between the EU and Côte d'Ivoire and the EU and Cameroon were

¹ OJ C 102E, 24.4.2008, p. 291.

² Texts adopted, P6_TA(2007)0614.

³ OJ C 120, 30.4.2004, pp. 16-22.

⁴ OJ C 330, 30.12.2006, pp. 36-40.

⁵ OJ C 58, 1.3.2008, pp. 44-46.

signed,

- H. whereas the EU has applied, as from 1 January 2008, the import arrangement to products originating in the ACP States which initialled EPAs or stepping stone EPAs, as provided for in these agreements¹,
- I. whereas the African and the Pacific regions are continuing negotiations with the European Union with a view to the conclusion of full EPAs, and whereas half the ACP States have not yet initialled or signed such agreements,
- J. whereas the ACP countries have voiced concerns over the 'contentious clauses' contained in the initial EPAs and have requested that these be addressed before signing,
- K. whereas all parties have repeatedly maintained that the EPAs must be instruments of development in order to promote sustainable development, regional integration, and reduction of poverty in the ACP States,
- L. whereas the adjustment costs resulting from EPAs will have a significant impact on the development of ACP countries, which, whilst difficult to predict precisely, will have a direct impact through the loss of customs duties and an indirect impact through the costs incurred by adaptation and social support in the areas of employment, skills enhancement, production, export diversification and reform of public financial management,
- M. whereas 21 ACP countries, some of which have not yet signed an EPA, have allocated specific amounts for the accompanying measures to the EPAs in their National Indicative Programmes (NIPs) for the 10th European Development Fund (EDF),
- N. whereas the development impact of EPAs on ACP States might, in some instances temporarily, result in:
 - the reduction of net customs revenues and its effect on the budgets of the ACP States,
 - regional integration problems among the ACP regional blocs due to the initialling of interim agreements, which may hinder the necessary creation of a framework for integrated economic development that can contribute to economic growth in the ACP States,
 - the improvement of the supply to ACP countries' economies, and provision to customers, of imported EU products,
 - growing exports to the EU from ACP countries through, *inter-alia*, improved Rules of Origin, which would contribute to economic growth, more employment and increased state revenue, which could be used to fund social measures,
 - regional integration in the ACP regions, which has the capacity to improve the framework for economic development and would therefore contribute to economic growth,

¹ 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.)

- the successful use of financing for Aid for Trade in connection with the EPAs,
 - the implementation of reform and response measures in the ACP countries, in particular as regards public finance management, collection of customs duties and the establishment of a new tax revenue system,
- O. whereas the trade inside and between ACP regions and between ACP countries and other developing countries (South-South trade cooperation) can have important positive effects on the development of ACP countries,
- P. whereas one stated aim of the Cotonou Agreement is to make EPAs instruments for promoting sustainable development, eradicating poverty, gradually integrating the economies of the ACP regions into the world economy and enhancing regional integration,
- Q. whereas the President of the European Commission, José Manuel Barroso, stated at the EU-Africa summit, held in Lisbon in December 2007, that there would be an ‘opportunity to revise the provisions of the Economic Partnership Agreements signed by the two parties over the past few months’,
- R. whereas the inhabitants of the ACP countries are the most affected by the global financial and food crisis and it is more vital than ever that every effort be made to achieve the MDGs,
1. Urges the EU Member States to respect their commitments to increase Official Development Aid (ODA) to help meet demands for trade-related capacity building, which will enable accompanying measures to be established in the form of regional Aid for Trade packages for the implementation of the EPAs with a view to their positive impact on development; stresses the fact that signing an EPA is not imposed as a precondition for receiving Aid for Trade funds;
 2. Insists that EPAs are an instrument for development which should reflect both the national and regional interests and the needs of the ACP countries, in order to reduce poverty, achieve the MDGs and ensure respect for fundamental human rights such as the right to food and the right to access basic public services; urges the Council, the Commission and the governments of the EU Member States and ACP countries to do their utmost to re-establish an atmosphere of trust, mutual respect and security insofar as this has been damaged in the course of negotiations;
 3.
 - a) Reminds the EU institutions and governments that neither the conclusion nor the renunciation of an EPA should lead to a situation where an ACP country may find itself in a less favourable position than it was under the trade provisions of the Cotonou Agreement;
 - b) Urges the European Union to provide sufficient and predictable resources, in addition to those under the European Development Fund, to cover the cost of adjustments, bolster supply-side capacity and strengthen infrastructure, regulatory capacity, competitiveness and national and regional inter-connectivity;
 - c) Urges the European Union also not to tie the release of funds under the 10th EDF or Aid for Trade to the signing of a full EPA;
 4. Stresses that WTO compatibility as defined by Article XXIV of GATT pertains only to

trade in goods and requires ‘a substantial part of the trade’ to be liberalised ‘within a reasonable length of time’, and urges the Council and Commission to accept any goods-only WTO compatible proposals from ACP countries;

5. Urges the ACP countries and the European Commission to make best use of the funding available for Aid for Trade in order to support the reform process in areas essential for economic development; to improve infrastructure where it is necessary to benefit more effectively from the opportunities offered by the EPAs; to compensate for the net loss of customs revenue and encourage tax reform so that public investments in social sectors are not reduced; to invest in the production chain in order to diversify export production; and to produce more, and more added value, export goods;
6. Reiterates its view that EPAs must be funded not by the EDF but by additional aid for trade, to which the EU committed itself in 2005, namely EUR 2 billion annually, starting in 2010, 50% of which would go to ACP countries; opposes any kind of conditionality linked to EPAs in the matter of granting European aid, and calls on the Commission to guarantee that access to funds under the 10th EDF is kept separate from the outcome and pace of the negotiations;
7. Stresses that the increases in ODA promised by the Member States should, as a priority, be used to redouble efforts to attain the Millennium Development Goals in those ACP countries which are hardest hit by the consequences of the global financial and food crisis, which has threatened, and continues seriously to threaten, the success achieved towards attaining those goals;
8. Also underlines that all agreements must respect the asymmetry in favour of the ACP countries regarding both the range of products targeted and the transition periods, and that the EPAs must provide firm guarantees of protection for those sectors which the ACP countries identify as sensitive;
9. Notes with alarm that the EC is concluding a deal on bananas with most favoured nation suppliers in Latin America that will threaten the viability of the ACP banana industry and in particular the sustained economic and social development of small vulnerable economies; calls on the European Commission to ensure that measures are taken to safeguard the livelihoods of small banana farmers, who are the most vulnerable;
10. Stresses that support measures linked to the EPAs should take into account the importance, for the development of the ACP countries, of regional integration and economic relations with other developing countries;
- 11 a) Urges the Commission to allow the ACP countries to renegotiate contentious clauses before signing the comprehensive regional agreements, to give ACP negotiators sufficient time to evaluate the agreements, to make suggestions before they are adopted and to offer them advice on any matters the ACP negotiators deem appropriate; stresses in particular the importance of reflecting the concerns of the partner countries and their parliaments, local authorities and civil society in the framework of the negotiations on full EPAs, which should not be concluded under pressure or in haste;
- b) Calls on the European Commission to hold full consultations with the ACP Group, in accordance with Article 12 of the Cotonou Agreement, before entering into any commitment liable to adversely affect the economic integration of the ACP regions

or ACP-EU trade relations;

12. Stresses that EPA agreements should incorporate a clause providing for revision five years after their signature, with the formal involvement of national parliaments, the European Parliament and non-state actors, as well as stronger monitoring and evaluation provisions, making it possible to determine the impact of the EPA on country and regional development and poverty reduction objectives – not merely EPA compliance levels – and provide for a redress mechanism to allow for the amendment or repeal of any aspect of the EPA that undermines a process of regional integration or damages chances of reducing poverty or achieving the MDGs;
13. a) Urges the ACP governments to implement necessary reforms in order to pursue their efforts towards good governance, in particular in the field of public administration, such as in public financial management, the collection of customs duties, the tax revenue system and the fight against corruption and mismanagement;
b) Calls for the active participation of all stakeholders, and in particular governments and parliamentarians, in the negotiation process, and for the increased involvement of civil society with a view to reaching a regional consensus prior to the signing of a full EPA;
14. Stresses that there is a need to increase transparency in the negotiations and their outcomes in order to allow for public scrutiny by policy makers, parliamentarians and civil society representatives;
15. Urges the institutions and governments of the EU Member States to do their utmost to re-establish an atmosphere of confidence and trust in so far as it has been damaged in the course of negotiations;
16. Stresses that the implementation of the EPAs should be monitored by a parliamentary body, which has to be provided for in the EPA texts, and that this parliamentary body should, in each case, evolve from the ACP-EU Joint Parliamentary Assembly (JPA) and its bodies and remain closely connected to, or part of, the JPA in order to take due account of the impact of the EPAs on the economies of the ACP countries, as established in the Cotonou Partnership Agreement;
17. Stresses in particular the crucial role of national parliaments and non-state actors in the monitoring and control of EPAs and calls for their systematic involvement in the on-going negotiation procedures; this requires a clear agenda for further negotiations, to be agreed by ACP countries and the EU and based on a participatory approach;
18. Recommends that the European Parliament wait for the opinions of the ACP parliaments on the outcomes of the EPA negotiations wherever possible and that it take these into account before issuing its assent;
19. a) Considers that the EDF Regional Strategy Papers and Regional Indicative Programmes should contain important, systematic and well considered support for EPA implementation, taking into account the necessary reform process that would make the EPA a success;
b) Insists that documentation on full EPAs must take into account any projected loss of revenue revealed by impact studies at the level of each region and each ACP country, and that provision be made for their renegotiation, where necessary;

- c) Requests that the ACP regions organise workshops on EDF Regional Strategy Papers and regional indicative programmes as swiftly as possible, in order to assess their impact on the implementation of EPAs;
 - d) Calls on the European Union and the ACP States to ensure that EPAs are responsive to the current global crisis, in order to reduce the impact on the ACP States of the slowdown in the world economy;
20. Emphasises that the signing of interim agreements by ACP States must not hinder the possibility of ACP regions concluding with the EU full EPAs that take into account the development dimension and steps to integrate the regional economies, and which strengthen cooperation between the ACP States and the EU Member States;
 21. Stresses again the need to identify sensitive goods that should not form the subject of trade liberalisation;
 22. Highlights the need to restore trust between the ACP countries and the EU countries, which was shaken during the EPA negotiations, in the spirit of the partnership that binds them;
 23. Instructs its Co-Presidents to forward this resolution to the ACP-EU Council of Ministers, the European Parliament, the European Commission, the EU Council Presidency, the African Union, the Pan-African Parliament, national and regional parliaments and the ACP regional organisations.