



Procedure file

Basic information	
INI - Own-initiative procedure	2005/2162(INI)
Procedure completed	
The impact of economic partnership agreements on development	
Subject 6.20.03 Bilateral economic and trade agreements and relations 6.30 Development cooperation	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	DEVE Development		
	Committee for opinion	Rapporteur for opinion	Appointed
	INTA International Trade	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<u>General Affairs</u>	<u>2722</u>	10/04/2006
European Commission	Commission DG Development	Commissioner	

Key events			
29/09/2005	Committee referral announced in Parliament		
21/02/2006	Vote in committee		Summary
01/03/2006	Committee report tabled for plenary	A6-0053/2006	
22/03/2006	Debate in Parliament		
23/03/2006	Results of vote in Parliament		
23/03/2006	Decision by Parliament	T6-0113/2006	Summary
23/03/2006	End of procedure in Parliament		
10/04/2006	Resolution/conclusions adopted by Council		Summary

Technical information	
Procedure reference	2005/2162(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	DEVE/6/30178

Documentation gateway					
Committee draft report		PE367.627	11/01/2006	EP	
Amendments tabled in committee		PE368.051	06/02/2006	EP	
Committee report tabled for plenary, single reading		A6-0053/2006	01/03/2006	EP	
Text adopted by Parliament, single reading		T6-0113/2006	23/03/2006	EP	Summary
Commission response to text adopted in plenary		SP(2006)1725	19/04/2006	EC	
Commission response to text adopted in plenary		SP(2006)1918	30/06/2006	EC	

The impact of economic partnership agreements on development

The committee adopted the own-initiative report by Luisa MORGANTINI (GUE/NGL, IT) on the development impact of Economic Partnership Agreements (EPAs). Noting the different levels of development between the EU and ACP economies, the report pointed out that "liberalising trade between unequal partners as a tool for development has historically proven to be ineffective and even counterproductive". In the present context of EPA negotiations between the EU and the ACP States (stemming from the need to make ACP-EU relations compatible with WTO rules), MEPs urged the Commission to ensure that the issue of compatibility did not take precedence over the overall aim of development. Rather, they insisted that the Commission should, in cooperation with developing countries, "aim to improve the rules of the WTO so that they work better for development".

The report said that, appropriately designed, EPAs were an opportunity to revitalise ACP-EU trading relations, promote ACP diversification and regional integration, and reduce poverty in the ACP countries. It welcomed the Commission's repeated protestations that "development remains the primary objective and goal of any EPA forged". The Commission and the ACP regions were urged to design EPAs around the principles of asymmetry in favour of ACP regions, support for ACP regional integration, and implementation of a sound and predictable framework for promoting trade and investment in ACP regions. The outcome of the EPA negotiations should provide protection for ACP producers' domestic and regional markets and allow ACP countries "the necessary policy space" to pursue their own development strategies.

MEPs were concerned that too rapid a reciprocal trade liberalisation between the EU and the ACP could have a negative impact on vulnerable ACP economies and states, precisely at a time when the international community should be supporting countries in their drive to meet the Millennium Development Goals. They stressed the importance of public services for development and democracy and asked the Commission to "act with caution" when considering the liberalisation of service sectors. In particular, the Commission was urged to protect water, health, education, transport and energy from liberalisation.

Other recommendations to the Commission included: pursuing "ambitious new initiatives" to stabilise the price of commodities; stimulating product diversification and value-added production; supporting mechanisms for producer involvement in price determination; promoting fair trade; taking into account the budgetary importance of tariff revenues in many ACP States and hence funding comprehensive fiscal reform programmes ahead of full reciprocal market opening; and introducing a safeguard mechanism into the EPAs allowing for temporary suspension of liberalisation in the event of balance of payments difficulties or macro-economic shocks. The leaders of the ACP countries, for their part, were urged to use resources more effectively, "in a framework of greater responsibility, good governance and democracy".

MEPs pointed out that, under the Cotonou Agreement, ACP countries were entitled to explore alternatives to EPAs. They called on the Commission to make alternatives available to countries not willing to sign EPAs, including non-reciprocal arrangements for market access. Lastly, the committee called for the establishment of development benchmarks against which to assess the conduct and outcome of the ACP-EU trade negotiations, including social and environmental indicators involving inter alia the creation of decent work, health, education and gender impacts. A new monitoring mechanism was needed for this purpose throughout the negotiating process.

The impact of economic partnership agreements on development

The European Parliament adopted a resolution based on the own-initiative report drawn up by Luisa MORGANTINI (GUE/NGL, IT) on the development impact of Economic Partnership Agreements (EPAs). (Please see the summary of 21/02/2006.)

The impact of economic partnership agreements on development

The Council adopted conclusions reconfirm its commitment to the ongoing negotiations with all six ACP regions and its support to allow the timely conclusion and entry into force by 1 January 2008 of the Cotonou Agreement, of the Economic Partnership Agreements (EPA) as development instruments complementary to the overall development efforts in order to eradicate poverty and to achieve the Millennium Development Goals. The Council is committed to an ambitious outcome of the EPA negotiations with a view to substantial improvements in regional integration and access for ACP products to EU markets. At the same time, the Council recalls its support for asymmetric and flexible EPA arrangements and the preferential market access for the ACP countries, in line with development needs and WTO requirements.

The Council confirms that to achieve the objectives of the EPAs, fostering regional integration of ACP countries as well as into the world economy, donor assistance should among others be directed to:

- assisting ACP countries to negotiate trade agreements tailored to their needs and capacities e.g. through impact assessment studies and

other instruments;

- supporting ACP countries to become more active players in the framework of multilateral trade, and enhance South-South trade;
- helping the ACP countries to establish transparent and predictable rules to spur investment and growth and liberalise services that are key to their development interests;
- addressing agriculture and food security as key elements in the negotiations and supporting the development of regional agricultural markets based on an adequate market regulatory framework;
- providing financial support for building trade capacity and competitiveness and implementing supply side reforms linked to EPAs and WTO implementation;
- assisting ACP countries to comply with rules and standards and reduce non-tariff barriers to trade;
- supporting ACP countries facing adjustment needs arising from EPA implementation or regional and multilateral liberalisation efforts through adequately tailored instruments.

The Council therefore supports the Regional Preparatory Task Forces (RPTFs) as key structures to link the EPA negotiations with accompanying development assistance. Member States are invited, in coordination with the Commission and other donors, to supplement and support these EPA-related activities organised via the RPTFs with their own ongoing bilateral and multilateral development assistance.