

Procedure file

Basic information		
INI - Own-initiative procedure	2005/2246(INI)	Procedure completed
The economic partnership agreements		
Subject		
6.20.03 Bilateral economic and trade agreements and relations		
6.30 Development cooperation		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	INTA International Trade		11/10/2005
		PPE-DE STURDY Robert	
European Commission	Commission DG	Commissioner	
	Trade	MANDELSON Peter	

Key events			
15/12/2005	Committee referral announced in Parliament		
21/03/2007	Vote in committee		Summary
28/03/2007	Committee report tabled for plenary	A6-0084/2007	
22/05/2007	Debate in Parliament		
23/05/2007	Results of vote in Parliament		
23/05/2007	Decision by Parliament	T6-0204/2007	Summary
23/05/2007	End of procedure in Parliament		

Technical information	
Procedure reference	2005/2246(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	INTA/6/32399

Documentation gateway					
Committee draft report		PE376.650	20/12/2006	EP	
Amendments tabled in committee		PE384.397	30/01/2007	EP	
Committee report tabled for plenary, single reading		A6-0084/2007	28/03/2007	EP	
Text adopted by Parliament, single reading		T6-0204/2007	23/05/2007	EP	Summary
Commission response to text adopted in plenary		SP(2007)3179	14/06/2007	EC	
Commission response to text adopted in plenary		SP(2007)3608/2	05/09/2007	EC	

The economic partnership agreements

The Committee on International Trade adopted by a majority of its members the own-initiative report drafted by Mr. Robert STURDY (EPP-ED, UK) on Economic Partnership Agreements (EPAs) with third countries. Considering that EPAs must be designed as instruments for development and that they must contribute to increased economic growth, regional integration and the reduction of poverty, Members view EPAs as representing an opportunity to revitalise ACP-EU trading relations, promote ACP economic diversification and regional integration and to reduce poverty in the ACP countries. This is why they call on the Commission and the Member States to ensure greater policy consistency in agreements under negotiation according to the European Consensus on Development and to promote the principles of asymmetry and flexibility.

They urge ACP governments to implement good governance rules, drawing, inter alia, on the technical assistance provided for under the Aid for Trade instrument and call on EPA negotiators to increase their efforts to complete negotiations before the end of 2007.

Committee members call on the Commission not to exert undue pressure and - in the event of negotiations not being completed by 1 January 2008 - make efforts at WTO level to seek to ensure that disruption of existing ACP exports to the EU is avoided pending a final settlement. In this connection, they stress the need for greater transparency on the progress and substance of the negotiations and for parliamentarians and other stakeholders in the ACP countries and the EU to be consulted on the EPA negotiations.

Convinced that EPAs should be complementary to an agreement on the DDA and not an alternative and that a pro-development conclusion to EPAs could be a first step in a development-focused multilateral agreement, Members consider that flanking measures should be put in place to boost ACP countries' competitiveness. In this regard, Members call for:

full duty-free, quota-free market access for the ACP countries as well as simplified, liberalised and more flexible rules of origin in EPAs than is the case under EBA, taking into account the differences in the level of industrial development between the EU and the ACP countries as well as among ACP countries;

the pacing, timing and scope of liberalisation to be gradual and flexible in order to improve ACP regional integration and competitiveness, and to ensure that development objectives are given priority.

Measures are also called for to promote fair trade, reinforce food security and protect sensitive products. In particular, Members call for the establishment of a mechanism designed to monitor the impact of EPAs on ACP countries, as well as additional technical assistance to ACP countries involved in trade negotiations and for those undertaking fiscal reform programmes.

ACP countries are invited to put forward, with appropriate EU-assistance where required, detailed, costed proposals of how and for what additional EPA-related funds are needed, particularly with regard to regulatory frameworks, safeguard measures, trade facilitation, support in meeting international Sanitary and Phytosanitary and Intellectual Property standards and the composition of the EPA monitoring mechanism.

Recalling that ACP countries are often heavily dependent on primary commodities, Members call on the EU to develop more effective instruments of support to production adjustment and diversification, as well as the development of processing industries and SMEs in ACP countries.

In particular, the Committee asks the Commission, in accordance with Article 37(6) of the Cotonou Agreement, where non-least developed ACP countries are not in a position to enter into EPAs, to examine possible ways of offering those countries an alternative framework for trade, which is equivalent to the existing situation and which is in conformity with WTO rules. It calls upon the Commission to make proposals for development-oriented alternatives that offer more than mere market access, as is the case for EBA and GSP+.

The Commission is also asked to promote social standards and decent work in the EPA trade negotiations to simplify and to reduce the bureaucratic burden of EDF requirements.

Members call for the EU not to include in EPAs provisions that constitute an additional barrier to access to essential medicines.

Returning to the regional aspect of EPAs, Members call for practical intra-regional measures and a dispute settlement system for EPAs.

Other measures called for by the Committee include:

- the introduction of appropriate programmes to enable phytosanitary and other EU health and environmental standards to be reached in a timely fashion so that ACP exports to the EU are not hindered;
- the mobilization of international support for a revision or clarification of Article XXIV of the GATT Agreement with regard to the Free Trade Agreements between parties with different levels of development;
- a systematic analysis of the social impact of EPAs on the groups most at risk, including young people and women in the ACP countries;
- the creation of a Parliamentary Oversight Committee on EPAs - within the EU-ACP Joint Parliamentary Assembly ? to publicly monitor

and review the trade and development impact of EPA implementation, to improve policy coherence for development and to design mechanisms to ensure accountability and regular reporting of EPAs contribution to equitable and sustainable development.

The economic partnership agreements

The European Parliament adopted a resolution based on the own-initiative report by Robert STURDY (EPP-ED, UK) on Economic Partnership Agreements (EPAs) with third countries, by 550 votes in favour to 59 against with 59 abstentions, and called for the Commission to make the conditions for the agreements less onerous for these countries. The report makes a number of recommendations: simplified, liberalised and more flexible rules of origin, full duty-free, quota-free market access for the ACP, workable safeguards, dispute settlement and monitoring mechanisms with transparent provisions and a real power to act in the event of changes caused by EPAs having a harmful effect on sectors of ACP economies. These positive aspects need to be correctly framed in negotiations.

Parliament reaffirmed its view that, if appropriately designed, EPAs represent an opportunity to revitalise ACP ? EU trading relations, promote ACP economic diversification and regional integration and to reduce poverty in the ACP countries. By the end of the EPA negotiations no ACP country should, in its trade relations, find itself in a more unfavourable situation after 2007 than under current arrangements. Parliament stressed the need to ensure policy coherence for development. It expressed concern at the slow pace of the negotiations and the consequent lack of tangible progress, but called on the Commission not to exert undue pressure and - in the event of negotiations not being completed by 1 January 2008 - make efforts at WTO level to seek to ensure that disruption of existing ACP exports to the EU is avoided pending a final settlement. The Commission was urged to show more flexibility towards ACP concerns. Parliament asked for greater transparency on the progress and substance of the negotiations. It asked the Commission, when requested, to provide ACP countries with additional technical assistance for trade negotiations, and assistance to ACP countries which decide to undertake fiscal reform programmes.

Parliament called for full duty-free, quota-free market access for the ACP as well as simplified, liberalised and more flexible rules of origin in EPAs than is the case under EBA, taking into account the differences in the level of industrial development between the EU and the ACP countries as well as among ACP countries. The pace, timing and scope of liberalisation must be gradual and flexible in order to improve ACP regional integration and competitiveness, and to ensure that development objectives, such as the avoidance of adverse social impacts, particularly towards women, are given priority. The special case of the EU Member States' overseas regions and territories must be taken fully into account in the EPA negotiations, especially the outermost regions referred to in Article 299(2) of the EC Treaty.

It was essential to ensure that ACP countries preserve the right to protect some sensitive products. Parliament called for a transparent monitoring mechanism to be set up at both regional and national levels in order to follow the impact of EPAs with increased ACP ownership and broad stakeholder consultation. It noted the poor levels of revenue collection in many ACP countries and called for additional support for tax reforms and measures for the prevention of tax evasion. The impact of falling customs revenue on ACP budgets could entail public spending cuts in key sectors such as education or health, and Parliament called on the EU to help to set up the compensation mechanisms required to avert consequences of this sort.

It stated that it understood ACP reluctance to negotiate bilaterally on so-called Singapore issues which have been removed from multilateral negotiations and recognised that it is for ACP regional groups to judge the development benefits of any agreements on these issues. 77 poor countries opposed the inclusion of negotiations on Singapore issues in the DDA agenda. However, appropriately framed agreements on investment, competition and government procurement, accompanied by a credible regulatory environment, could contribute to shared aims of good governance and transparency, creating an environment that should enable greater private-public partnership, particularly in relation to key infrastructure development. Parliament expressed disappointment at the fact that, so far, insufficient advantage has been taken of the opportunity provided by the review to involve parliamentarians and other stakeholders.

Parliament went on to ask the Commission to make proposals for development-oriented alternatives that offer more than mere market access, as is the case for Everything But Arms initiative and the special incentive arrangement for sustainable development and good governance (GSP+). It recalled that bilateral negotiations on trade in services must abstain from pressuring ACP countries into offering any liberalisation of basic public services, respecting the right of countries to regulate public services. It called on both parties to recognise that sound regulatory frameworks are an essential part of any liberalisation process.

The EU should not to include, in EPAs, provisions on intellectual property rights, since they constitute an additional barrier to access to essential medicines. The EPA system must be used to help ACP countries implement the forms of flexibility provided for in the Doha Declaration. Parliament pointed out that, by virtue of the 2001 Doha Declaration on the TRIPS Agreement and Public Health, the EU has undertaken to place public health before its trading interests.

Parliament stressed that the regional aspect of EPAs was essential for boosting not only North-South but also South-South trade. However, insufficient attention has been paid to that matter by the European side and achieving proper intra-regional integration might even be more important than launching a programme for inter-regional integration.

Lastly, Members call for the creation of a joint Parliamentary Trade and Development Committee within each Economic Partnership Agreement working with the ACP-EU JPA to publicly monitor and review the trade and development impact of EPA implementation, to design mechanisms to ensure accountability and to address EPA-related concerns from both regional and all-ACP perspectives.