

# EC/ACP agreement: revision of the partnership agreement with the African, Caribbean and Pacific States

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The Council reviewed progress in the negotiation of economic partnership agreements with the African, Caribbean and Pacific group of states and regions, in the run-up to the 31 December deadline for completion of these agreements. It adopted the following conclusions:

- it confirms its commitment to the ongoing negotiations on the Economic Partnership Agreements (EPAs) and reiterates its position of EPAs as being development instruments. EPAs are going to be WTO compatible agreements, supporting regional integration and promoting the gradual integration of the ACP economies into the rules-based world trading system, thereby fostering their sustainable development and contributing to the overall effort to eradicate poverty and to enhance the living conditions in the ACP countries;

- it recalls the need to conclude negotiations in time for the entry into force of the EPAs by 1 January 2008, in accordance with the Cotonou Agreement and taking into account the expiration of the current preferential trade provisions applied under a WTO waiver.;

- it expresses its concern over the slow pace of the negotiations in some regions, while welcoming the significant progress made in those regions that are close to concluding an EPA. It underlines that the conclusion of mutually satisfactory EPAs can only be the result of a joint effort, which requires strong political commitment from all parties;

- it endorses the two-step approach proposed in the Communication to negotiate WTO compatible agreements including market access for goods as an interim solution for ACP regions or sub-regions. In this regard, recalling that EPAs aim at establishing WTO compatible agreements between the parties on the basis of the development objectives of the Cotonou Agreement, the Council will examine, in view to its adoption, the draft Regulation proposed by the Commission aiming at applying as of 1 January 2008 as a first step the arrangements for goods originating in certain states which are part of the Africa, Caribbean and Pacific Group of States (ACP) provided in agreements establishing, or leading to the establishment of, Economic Partnership Agreements;

- it maintains that, in order to maximise the development potential of the EPAs, all WTO compatible flexibility must be allowed for the ACP liberalisation processes. It emphasises that **any EPA should allow asymmetry between ACP and EU market access commitments**, including in the provision of appropriately long transition periods, and in very exceptional cases even longer periods, which take account of the development needs of the ACP countries. The Council further recognises the need for improved Rules of Origin in EPAs, making them simpler, more transparent, easier, improved and predictable in order to ensure that ACP States can fully benefit from preferential market access, whilst preventing circumvention;

- it respects the right of all ACP States and regions to determine the best policies for their development; it acknowledges that the ambition for the scope of an EPA may differ from one region to the other. At the same time the Council considers that the EPAs should include trade in services, investment and other

trade related areas. It believes that such agreements fulfil the objectives of economic and trade cooperation as set out in the Cotonou Agreement and contribute to release the full development benefits of EPAs. The Council supports a flexible and phased approach in trade-related areas;

- it recalls that new trading arrangements should be established by 1 January 2008, in order to improve the situation for ACP countries and to avoid negative effects on the trade flows between them and the EU. It is for this reason that the Council urges them to focus their negotiating efforts especially on the segment of trade in goods. The Council considers that an interim agreement covering WTO compatible trade in goods agreements and other aspects that have already been agreed at this stage should be considered as a first step in a process that should lead to a full EPA. In this respect, it underlines its position that all parties should agree to pursue negotiations within agreed timeframes in outstanding areas if agreement on these issues cannot be reached before the end of 2007;

- the Council acknowledges that the level of existing regional integration varies within the six ACP regions and that in some regions not all countries are yet in a position to enter into an EPA in the agreed timeframe. At the same time, the Council firmly holds that EPAs, as development and regionally inclusive instruments, can serve the interest of all ACP States more than any other WTO compatible option currently accessible. In this context, in those cases where the only possible option to conclude an agreement within the mandatory deadline is to sign at sub-regional level in order to avoid negative impacts on any ACP country, the Council emphasises that such agreements should include accession clauses that ensure the full possibility to join in for all countries of the region willing to participate at a later stage;

- it is determined to ensure optimal interaction and coherence between EPAs and development cooperation. The Council notes that it has been agreed with all regions that development cooperation provisions should be included in the EPAs and that the programming of the 10th European Development Fund (EDF) offers a unique opportunity to synchronise trade policy decisions taken in the EPAs and programming of EDF resources. For those regions concluding interim agreements, the Council recognizes that development finance will be needed already at this stage to accompany adjustment linked to liberalisation and as a complementary instrument amplifying the development dimension of the agreements. Moreover, the Council recalls the adoption of the EU strategy on Aid for Trade in which the EU made a commitment that, in the context of efforts to increase the collective EU trade related assistance to EUR 2 billion annually by 2010, in the range of 50% of the increase will be available for the needs prioritised by the ACP countries. The Council underlines that all ACP regions should receive a fair share of this overall amount.

Lastly, the Council urges all parties to redouble their efforts in order to reach agreement on these negotiations in December 2007. The signature of the EPAs will be the beginning of a process, with a view to reinforcing regional integration and promoting the advancement of the ACP economies.