Resolution on the free trade agreement between the EC and the Gulf Cooperation Council

2008/2552(RSP) - 24/04/2008 - Text adopted by Parliament, topical subjects

Following the debate which took place on 23 April 2008 on the oral question O-0032/2008 to the Commission, the European Parliament adopted, by 530 votes in favour, 14 against and 9 abstentions, a Resolution on the free trade agreement between the EC and the Gulf Cooperation Council (GCC), tabled by the Committee on International Trade.

The Resolution points out that the GCC is the EU's sixth largest export market and the EU is the GCC's leading trading partner. EU exports to the GCC consist primarily (56% in 2006) of machinery and transport materials, while EU imports from the GCC consist mostly of fuels and derivatives. GCC countries currently benefit from preferential access to the EU market under the EU's Generalised System of Preferences (GSP). However, EU businesses still encounter serious barriers to trade in GCC countries: in particular, the 50% ceiling on holdings in local undertakings dissuades many EU businesses from seeking to invest in them.

In the light of this observation, the Parliament believes that a trade agreement with the GCC is a useful supplement to the WTO multilateral system, provided it goes well beyond tariff reductions and deals with the qualitative conditions associated with trade, including effective provisions on human rights, and social and environmental standards. Although they are concerned about the delay in the negotiation process, MEPs note with interest the substantial progress made in 2007. They call on both parties to make substantial advances in negotiations on the topics still outstanding before the EU-GCC Ministerial summit of 26 May 2008.

Reciprocal market access: the Parliament underlines the crucial importance of market access, in addition to quota and tariff reduction or elimination, as well as the liberalisation of non-tariff barriers. It asks the Commission to carefully define measures in the area of product standards, whilst recalling that the final objective of agreed standards is their enforcement, requiring their inclusion in the dispute settlement mechanism.

The Resolution gives priority to the effective enforcement of Intellectual Property Rights (IPR) and calls for the conclusion of a free trade agreement (FTA) of which scientific and technical cooperation and intellectual property are essential elements. MEPs also express their concern with regard to the possible distortions in competition caused in several GCC states by public subsidies or any other advantages connected with access to raw materials at lower costs than the world prices paid by EU operators. They consider that the FTA should reaffirm the existing WTO rules on subsidies and countervailing measures. In addition, they stress that all export subsidies should be eliminated in the short term and that priority should also be given to quantitative restrictions.

Sectoral issues: the Parliament stresses the importance of improving liberalisation of services and investment in the agreement, together with public procurement, while respecting the need to ensure universal, accessible and sustainable public services with affordable prices and high-quality standards for all. MEPs consider that the agreement should seek to promote increased transparency and accountability with regard to investments made by sovereign wealth funds. In this respect, they welcome the

Commission Communication on a common European approach to Sovereign Wealth Funds, in particular the proposal for a code of conduct governing their investment activities. They stress the importance of evaluating the participation of such funds in sensitive European sectors.

MEPs also call for the inclusion of a mechanism stipulating that GCC petrochemical producers must incorporate their raw materials at international prices. They also consider that access to raw materials at low prices should be considered as subsidies distorting fair competition, and therefore be treated as dumping in the context of the WTO.

Sustainable development: the Parliament considers that that an ambitious, sustainable development chapter is an essential part of the agreement. It also stresses that enforceable human rights clauses are an essential part of an FTA with any country or region and should be included in the agreement as a suspension clause. Furthermore, the FTA should be accompanied by anti-corruption, transparency and social standards.

MEPs expect the agreement to commit the parties to ratifying the core International Labour Organisation conventions ensuring their effective implementation. The Commission is urged to consider ways of providing incentives to countries that improve labour standards, especially regarding migrant workers who make up the majority of the labour force in most GCC states. In this context, MEPs propose that a mechanism be established whereby recognised human rights organisations and workers' and employers' organisations can submit requests for action which would be treated within a specified time limit and could result in ongoing follow-up and review provisions, in order to maintain pressure against violations of workers' rights.

Expecting the Lisbon Treaty to enter into force before the conclusion of the negotiations, MEPs call on the Commission to make the 2001 negotiating mandate available to Parliament.