

Development impact of Economic Partnership Agreements (EPAs)

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The Committee on Development adopted the own initiative report by Jürgen **SCHRÖDER** (EPP-ED, DE) on Development impact of Economic Partnership Agreements (EPAs), noting above all that the impact of the EPAs will take the following forms:

- the reduction of net customs revenues and its effect on the budgets of the ACP States;
- the improvement of the supply of ACP countries' economies;
- growing exports to the EU from ACP countries through improved Rules of Origin, which would lead to economic growth, more employment, and increased state revenue;
- regional integration in the ACP regions;
- the successful use of financing for Aid for Trade in connection with the EPAs;
- the implementation of reform measures in the ACP countries.

Moreover, MEPs stress that EPAs are an instrument to development which contribute to reducing poverty, achieving the Millennium Development Goals (MDGs) and respecting fundamental human rights such as the right to food or the right to access basic public services. They also recall 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.

Re-establish an atmosphere of confidence: MEPs call on the Council, the Commission the EU Member States and ACP countries to re-establish an atmosphere of confidence and constructive **dialogue** in so far as it has been damaged in the course of negotiations. They also call on them to recognise the ACP states as equal partners in the negotiation and implementation process. In this respect, MEPs stress that any trade agreement between ACP and EU, affecting the livelihood of the population, should be the result of an **open and public debate** with full participation of ACP national parliaments.

Increase Development Aid in spite of the global financial crisis: MEPs urge the Member States not to decrease Official Development Aid (ODA), even in this time of global financial crisis. On the contrary, they urge them to increase Aid for Trade, which contributes to the positive impact of the EPAs on development. However, MEPs stress that signing an EPA is not imposed as a precondition to receive Aid for Trade Funds. They emphasise 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.

Make best use of the funding available: MEPs urge the Commission and the ACP countries 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 compensate the net loss of customs revenue and encourage tax reform so that public investments in social sectors are not reduced. The funds should also be used to invest in the production chain, to invest in training and provide support for small producers and exporters to meet EU sanitary and phytosanitary criteria.

Do not undermine regional integration: MEPs stress that EPAs concluded with individual ACP countries, or with a group of countries not including all countries within one region, run the risk of undermining regional integration. They therefore call on the Commission to recalibrate its approach taking account of this risk, and ensure that concluding EPAs does not endanger regional integration. The agreements must also respect the **asymmetry in favour of the ACP countries** regarding both the range of

products targeted and the transition periods. They also underline that the EPAs must provide firm guarantees of protection for those sectors which the ACP countries identify as sensitive. Moreover, MEPs urge the Commission, in partnership with the ACP countries, to include development benchmarks - to be determined according to the priorities of each region - in the EPA and interim EPAs.

Nature of agreements being negotiated: MEPs stress that WTO compatibility (as defined by GATT XXIV) pertains only to trade in goods and requires "substantially all the trade" to be liberalised "within a reasonable length of time". They therefore urge the Council and the Commission to accept any goods-only WTO compatible proposals from ACP countries. They also call on the Commission to give ACP negotiators sufficient time to evaluate the agreement and to make suggestions before adopting the relevant agreement. EPAs agreements should also incorporate a revision clause for a **revision 5 years after their signature**, to which national parliaments, the European Parliament and civil society must be formally associated. This period will enable a detailed evaluation of the impact of EPAs on the economies and regional integration of the ACP countries.

Good governance and monitoring by a parliamentary body: MEPs urge the ACP governments to implement necessary reforms in order to realise good governance, in particular in the field of public administration, such as in public financial management, collection of customs duties, the tax revenue system, the fight against corruption and mismanagement. They also highlight the need for stronger **monitoring and evaluation** provisions in the EPAs which will determine the impact of the EPA on country and regional development and poverty reduction objectives. Moreover, they stress the need to increase transparency in the negotiations and their outcomes and propose that the implementation of the EPAs should be monitored by a parliamentary body, which has to be provided for in the EPA texts. MEPs consider that this **parliamentary body** should in each case evolve from the ACP-EU Joint Parliamentary Assembly (JPA).

Protect forests: lastly, MEPs stress that it is crucial that forests, biodiversity and indigenous people or forest-dependent people are not put at risk. ACP countries should be allowed to implement rules that limit the export of timber and other unprocessed raw materials and be allowed to use these laws in order to protect forests, wildlife and domestic industries.