The impact of economic partnership agreements on development

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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 Millenium 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.