



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 15 May 2007

9560/07

**ACP 95
PTOM 32
WTO 117
DEVGEN 90
RELEX 348**

NOTE

From : General Secretariat
Dated : 15 May 2007

Previous doc: 9216/07

Subject : Economic Partnership Agreements (EPAs)
- Conclusions of the Council and the Representatives of the Governments of the
Member States meeting within the Council

At its meeting on 15 May 2007, the General Affairs and External Relations Council and the Representatives of the Governments of the Member States meeting within the Council, adopted the Conclusions set out in Annex.

**Conclusions of the Council and the Representatives of the Governments of the
Member States meeting within the Council on
Economic Partnership Agreements (EPAs)**

Introduction

1. The Council reconfirms its commitment to the ongoing EPA negotiations with all six ACP regions. The Council reaffirms that the Economic Partnership Agreements are instruments for development. As WTO-compatible trade agreements, they aim at fostering regional integration, including in trade-related areas, improving market access for ACP States and strengthening complementarity with trade-related assistance, thereby promoting sustainable development and contributing to poverty eradication in ACP States. The Council emphasizes the close interdependence between trade policy, development policy, economic development, food security, good governance, democracy, rule of law and legal security and calls on the parties to strengthen coherence between these areas. The Council stresses that the concrete design of the EPAs will be the outcome of the negotiations.¹

¹ In its response to the SADC EPA Framework proposal tabled on 7 March 2007, the Council accepted the inclusion of South Africa into the EU-SADC EPA. For the details of this acceptance, referral is made to the EU response as agreed by the Council on 12 February 2007.

Negotiations and Review

2. In the light of Cotonou's commitments and existing WTO obligations, the Council reaffirms the importance of the timely conclusion of the negotiations and of the entry into force of the EPAs by 1 January 2008. In this context, the Council welcomes the joint reviews conducted with the EPA regions and urges the ACP-EU Council of Ministers to endorse a joint ACP-EU Review. The Council therefore strongly welcomes the commitment of the ACP partners and the European Commission to take all necessary steps to conclude the negotiations in time as set out in recent joint ministerial declarations. The Commission shall inform the Council on a regular basis with a view to assessing progress.

Regional Integration

3. The Council reiterates that EPAs should primarily build upon, foster and support ACP regional integration processes, including the development of regional agricultural markets based on an adequate market regulatory framework, while promoting the development objectives and strategies of the individual countries of the regions and recognising the existing political and economic realities and existing regional integration processes, thus providing flexibility. The Council encourages ACP States to carry out the necessary reforms at the regional level so as to improve the basis for successful EPAs.

4. The Council recalls that according to the Cotonou Agreement, trade liberalisation shall aim at improving current market access for ACP States. In order to support emerging regional markets and to reduce barriers to integration between LDCs and non-LDCs within the EPAs, after certain transitional periods with special treatment for a restricted number of highly sensitive products², all ACP States shall be granted full duty-free and quota-free market access. Coherence between internal and external EU policies has to be ensured. Market access for South Africa will be negotiated on the basis of TDCA provisions.
5. The Council acknowledges that Rules of Origin (RoO) are essential for effective market access and development in practice. It recognizes the need for improved RoO in EPAs, making them simpler, more transparent and easier, in order to ensure that ACP States can fully benefit from preferential market access, whilst preventing circumvention. The Council supports the Commission in its efforts to take into account the development needs of ACP States and regions and the general coherence of the different preferential systems.

²

- Transitional periods have been proposed in the EU's market access offer for rice and sugar.
- For bananas, which has been the subject of a recent reform, EC specific commitments towards outermost regions as well as the evolution of a number of ongoing trade developments (WTO panels, DDA negotiations and negotiations with Central America / Andean Community) will be taken into account. To this end, the Commission will make before the end of the negotiations an evaluation and, if necessary, submit relevant proposals in order to ensure adequate treatment is provided.

Market access for goods from the EU into ACP countries

6. The Council acknowledges that ACP liberalisation processes need to be progressive and be managed carefully in a socially and financially responsible way in order to maximise the development potential of the EPAs. The Council emphasizes that flexibility needs to be WTO compatible and should include asymmetry in transition periods as well as in ACP market access commitments. Taking into account the development needs of ACP States, flexibility may be needed for sensitive products: exclusion of products, safeguards, as well as long transition periods, and in very exceptional cases even longer periods for very sensitive products. In this context, the Council emphasizes that the EU shall not pursue any particular market access interests.

Trade in services, investments and trade-related issues

7. The Council fully respects the right of all ACP States and regions to determine the best policies for their development. The Council considers that EPAs should include trade in services, investment and other trade-related areas as foreseen in the Cotonou Agreement. Commitments in these areas contribute to deeper regional integration, stimulate growth and competitiveness as well as encourage regional and foreign direct investment, by creating more predictable legal frameworks.
8. The Council recognizes the various levels of development and integration within the six EPA regions, recalls the ACP countries' rights to regulate services and investment and supports, a flexible and phased approach in trade-related areas. In this context, the Council emphasizes that the EU shall not pursue any particular market access interests.

9. The Council takes note that some EPA regions hold market access opportunities in trade in services to be decisive for the successful conclusion of EPA negotiations and underlines the need for WTO compatible arrangements. The Council underscores the importance of ambitious EC offers on trade in services for all six ACP regions. The offers should correspond to ACP economic, social and development interests as in the CARIFORUM context and take into account Member States' sensitivities.
10. The Council supports the integration of social and environmental provisions into the EPAs aimed at improving living conditions, reducing poverty and promoting sustainable development. Recalling the International Labour Organisation's Decent Work Agenda, the Council supports a reference to the effective implementation of the Core Labour Standards as an avenue to bring about better coherence between trade, employment and development policies.

Aid for Trade

11. Recalling its conclusions of December 2005 and October 2006, the Council reaffirms the EU's commitment to strive to increase its trade-related assistance (TRA) as defined by the WTO/OECD database³ to €2 billion per year by 2010.

³ TRA includes support for *trade policy and regulations* and support for *trade development*. However, the WTO Task Force on Aid for Trade highlighted the importance of supply side constraints and adjustment costs and proposed that the wider scope of Aid for Trade should include not only these two existing TRA categories, but also "building productive capacities", "trade-related infrastructure", and "trade-related adjustment".

12. As set out in the Council Conclusions on Aid for Trade of May 2007, the Council confirms that the future joint EU Aid for Trade strategy will put into operation scaled-up, high quality Aid for Trade. With regard to ACP countries, the strategy will aim at supporting ACP regions and countries to take full advantage of increased trading opportunities and maximise the benefits of trade reforms, including those of the EPAs. The Strategy will facilitate to:

- ensure that a substantial share of the Community's and Member States' commitment on TRA is devoted to ACP countries. The strategy will therefore indicate the overall share of the Community's and collective Member States' increase of TRA available for needs prioritised by ACP partners. The spend will reflect policy and programming decisions at country and regional levels.
- promote an effective response to the wider AfT agenda by continuing to strengthen Member States' and the Commission's support for demand-driven, pro-poor development strategies which incorporate building productive capacities, trade-related infrastructure, and trade-related adjustment. The latter includes absorption of net fiscal impact resulting from tariff liberalisation in full complementarity with fiscal reforms.

- apply aid effectiveness principles at the regional and national level, in particular by supporting regional and national partners' capacity to own and lead Aid for Trade programmes, by coordinating programming, by pursuing more streamlined delivery modes and by enhancing cooperation with other donors, notably regional financial partners, other financial institutions and multilateral organisations;
- encourage, as a priority, the integration of trade-related concerns into ACP national development strategies, implementation plans or national budgets and invite Member States and the Commission to ensure coherence of their multilateral, regional and bilateral assistance in this respect;
- strengthen support given to regional trade needs assessments, with a view to supporting regional integration, and link this support with the national level;
- consider EPA regions as a priority in terms of support to regionally owned initiatives, such as the regional funds that are being considered. The Council emphasises that these arrangements should preferably build on existing financing mechanisms and be transparent, effective, demand-driven and pro-poor.

13. Reminding that the Regional Preparatory Task Forces (RPTF) mandates are closely linked with the EPA negotiations, the Council considers it essential that the functions of these instruments will be taken up by one of the institutional bodies of the EPA while implementing the agreements.

Institutional issues and EPA implementation

14. The Council recalls that Joint EPA Councils with the effective participation of the relevant ACP States and regions, the EU Member States and the European Commission shall be established for each EPA region so as to ensure that EPAs operate effectively and meet their development objectives. These Joint EPA Councils shall be assisted in the first place by Joint Implementation Committees that will assess the progress made and formulate recommendations on measures for further achievements, including on development co-operation. The concrete institutional setup will be agreed upon by the respective Joint EPA Councils. The Joint EPA Council will have the power to take decisions in respect of all matters covered by the EPAs. The Council underlines that the Cotonou Agreement remains the basis for the EPAs and that the Joint EPA Councils will report to the ACP-EU-Council of Ministers on all matters of common concern to the entire ACP Group of States and the Community.
15. The Council reaffirms that review clauses as well as mechanisms for monitoring and reviewing implementation and development impacts will be a key part of the EPAs. This will be an integral function of the EPA institutions.
16. The Council underlines the importance of an ongoing ACP-EU-dialogue on EPAs so as to strengthen the partnership spirit of the Cotonou Agreement. In this respect the Council also stresses the important role of a dialogue with parliamentarians, civil society and the business community from both ACP States and EU.

In adopting these Conclusions, the Council refers to the following Conclusions and Statements:

June 2000, Partnership Agreement between the Members of the African, Caribbean, and Pacific Group of States on the one part, and the European Community and its Member States, on the other part (Cotonou-Agreement).

March 2005, Paris Declaration on Aid Effectiveness, Paris, 2 March 2005.

December 2005, Council Conclusions on Aid for Trade (doc. 15791/05).

April 2006, Council Conclusions on Economic Partnership Agreements (doc.8384/06).

June 2006, Decision No 1/2006 of the ACP-EC Council of Ministers of 2 June 2006 specifying the multi-annual financial framework for the period 2008-2013 and modifying the revised ACP-EC Partnership Agreement (doc. 2111/06).

July 2006, Joint ACP EU Declaration on the Review of the Economic Partnership Agreements (EPAs) negotiations (doc. 2117/06).

October 2006, Council Conclusions on Aid for Trade (doc. 14018/06).

December 2006, Council Conclusions on Decent Work For All (doc. 15496/06).

May 2007, Council Conclusions on Aid for Trade (doc. 8416/07)