"A" ITEM NOTE

from: Permanent Representatives Committee

to : Council (General Affairs)
on : 17 June 2002

No. prev. doc. : 9798/02 ACP 84 WTO 59 + ADD 1
No. Cion prop. : 8098/02 ACP 62

Subject : Recommendation authorising the Commission to negotiate Economic Partnership Agreements with the ACP countries and regions

1. The ACP-EU Cotonou Agreement provides in Article 36(1) that the Parties agree to conclude new WTO compatible trading arrangements progressively removing barriers to trade between them and enhancing cooperation in all areas relevant to trade. Article 37(1) of the Agreement stipulates that economic partnership agreements (EPAs) shall be negotiated during a preparatory period which shall end by 31 December 2007 at the latest.

The negotiations of EPAs will be formally launched on 27 September 2002.
2. The Commission officially transmitted to the Council on 12 April a recommendation authorising the Commission to negotiate EPAs with the ACP countries and regions (8098/02).

The 133 Committee examined the draft mandate on 12 April from a WTO compatibility perspective.

The Council held an orientation debate on the draft mandate at its meeting on 13 May 2002. The Council welcomed the Commission's proposal and recalled that the objectives of the future trading arrangements with the ACP States under the Cotonou Agreement are the smooth and gradual integration of ACP States into the world economy and the eradication of poverty.

3. Coreper addressed outstanding issues at its meetings on 6 and 12 June 2002 and agreed on the text of the negotiating directives (Annex I).

4. In the light of the above it is suggested that the Council:
   – authorise the Commission to negotiate Economic Partnership Agreements with ACP countries and regions;
   – instruct the Commission to conduct these negotiations in consultation with the ACP Working Party to assist it in this task;
   – issue the attached negotiating directives (Annex I);
   – enter the statements in Annex II in its minutes.

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ANNEX I

Directives for the negotiation of Economic Partnership Agreements with ACP countries and regions

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2. **Nature and Scope of the Agreements**

EPAs shall aim at fostering the smooth and gradual integration of the ACP States into the world economy, with due regard for their political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication in the ACP countries.

Pursuant to the provisions of Article 36(1) of the Cotonou Agreement, negotiations shall aim at establishing Economic Partnership Agreements ("EPAs") with ACP sub-groups defined in accordance with the provisions of Article 37(5) of the Cotonou Agreement, taking into account the regional integration process within the ACP.

EPAs shall be directed at fostering closer economic integration between the parties, by removing progressively barriers to trade between them and enhancing cooperation in all areas relevant to trade, in full conformity with the provisions of the WTO.
EPAs shall be consistent with the objectives and principles of the Cotonou Agreement, and in particular with the provisions of Part III, Title II thereof. Negotiations of EPAs shall therefore notably take account of the different levels of development of the parties as well as of the particular economic, social and environmental constraints of the ACP countries and of the capacity to adapt and to adjust their economies to the liberalisation process.
10. **Structure and Organisation of the Negotiations**

The negotiations will be formally opened in September 2002. Initial discussions will be at an all-ACP level, with a view to finding a common understanding on the basic structure and content of EPA.

Negotiations on a regional level should start in January 2003 at the latest.
The ACP countries and the Community will, in the context of the Joint Ministerial Trade Committee established under Article 38 of the Cotonou Agreement, regularly review the progress made in the preparations and negotiations and will in 2006 carry out a formal and comprehensive review of the arrangements planned for all ACP countries.

Negotiations should be concluded in 2007, at the latest.

Appropriate mechanisms will be established to ensure that Non-state actors in the EU and in the ACP countries will be informed and consulted on the content of negotiations and that coordination with ongoing ACP-EU dialogues is ensured.
ANNEX II

Statements for entry in the minutes of the Council

1. Commission statement on impact assessment (paragraph 3(2) of Annex I)

"In assessing the specific arrangements for further tariff dismantling for imports into the Community, the Commission will also assess the impact of such measures on the Community market."

2. Joint statement on imports into the Community (paragraph 3(2) of Annex I)

"The Council of the European Union and the Commission recall that irrespective of EPAs the special import arrangements applicable to least developed countries in the framework of Council Regulation (EC) No 2501/2001 ("EBA") will be maintained."

3. Swedish statement on market access supported by UK and Denmark (paragraph 3(2) of Annex I)

"The EPA negotiations should aim for ambitious results. Access to the European market on EBA ("Everything but Arms") conditions for all ACP countries would be an adequate commitment of the EU. As we read the terms set out in the mandate this could well be the result of successful negotiations."

4. Joint statement on financial responsibility (paragraph 3(4) of Annex I)

"The question of the "financial responsibility clause" in connection with administrative cooperation in matters of fraud and management of preferential imports will be discussed within ad hoc horizontal fora. The solutions put forward, once adopted by the Council, can be incorporated where appropriate into the future Agreement."
5. **Commission statement on data protection (paragraph 6(2) last indent of Annex I)**

"The Commission will make best endeavours to agree with recipient ACP countries on the need to allocate funds from EDF programmes to enhance administrative capacity for data protection".