



*Brussels, 15 September 2004*

## **Pacific ACP – EC EPA Negotiations Joint Road Map**

### **Background**

The Cotonou Agreement between the African, Caribbean and Pacific (ACP) Group of States and the European Union (EU), signed in June 2000, foresees the negotiation between September 2002 and December 2007 of economic partnership agreements (EPAs) as provided for in Article 37(1). Until 31 December 2007, the trade provisions of the expired Lomé Convention will remain in force. The new trading arrangements will be WTO-compatible and progressively remove barriers to trade between ACP States and the EU and enhance co-operation between them in all areas relevant to trade.

2. The first phase of the above negotiations was launched on 27 September 2002 and took place at the all-ACP – European Community (EC) level. On 2 October 2003, the ACP Council of Ministers and the EC Commissioners for Trade and for Development and Humanitarian Aid adopted a Joint Declaration and a Joint Report on the results to that date (ACP/00/118/03 Rev1 – ACP-EC/NG/NP/43) that will serve as a point of reference, and provide guidance, for the ACP regional negotiations, including those to be conducted at the Pacific regional level.

3. The countries which have decided to negotiate an EPA with the EC as part of the Pacific ACP Group are the Cook Islands, the Federated States of Micronesia, Fiji, Kiribati, the Republic of the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The Pacific ACP – EC EPA negotiations were officially launched on 10 September 2004 in Nadi, Fiji.

### **Objectives and Principles**

4. Co-operation strategies shall be based on development strategies and economic and trade cooperation which are interlinked and complementary. The Pacific ACP States and the EC shall ensure that the efforts undertaken in both aforementioned areas are mutually reinforcing. Based on the provisions of the Cotonou Agreement and the outcomes of the all-ACP-EC Phase I to date, both sides agree that the overall objectives of Pacific ACP-EC economic and trade cooperation will be the sustainable development of the Pacific ACP States, their smooth and gradual integration into the global economy and contributing to poverty eradication in the Pacific ACP States.

5. The specific aims and objectives of Pacific ACP-EC economic and trade cooperation will include, in particular, enabling the Pacific ACP States to play a full part in international trade, to manage the challenges of globalisation and to adapt progressively to new conditions

of international trade in a manner and at a pace conducive to overall economic and social development; enhancing the production, supply and trading capacity of the Pacific ACP States as well as their capacity to attract investment; supporting regional economic initiatives in the Pacific ACP region; creating a new trading dynamic between the Pacific ACP States and the EU; strengthening the trade and investment policies of the Pacific ACP States; and improving the capacity of the Pacific ACP States to handle all issues related to trade.

6. In support of the above objectives, the following principles should guide the Pacific ACP – EC EPA negotiations:

- **Instrument for development**

7. To achieve the interlinked objectives of sustainable development, poverty eradication and the smooth integration of Pacific ACP States into the world economy, the Pacific ACP – EC EPA must be an instrument for development and the development dimension reflected in all areas of negotiations. The EPA should promote the development objectives of the countries of the region and be consistent with their development strategies. In doing so, it will take into account the specific, special economic, social, environmental and structural constraints of the Pacific ACP States, as well as their capacity to adapt their economies to the EPA process.

- **Complementing regional integration**

8. The Pacific ACP – EC EPA shall build on regional integration initiatives of the Pacific ACP countries. The negotiations will therefore be designed and sequenced so as to complement and support regional integration processes and programmes, the harmonisation of regional trade-related rules and the consolidation of the Pacific ACP regional market. In this context, attention will also be paid to possible modalities for regional OCTs to participate in the EPA should they so wish.

9. The pace of liberalisation of trade between the Pacific ACP States and the EC will be a function of the degree of regional economic integration and realised in a flexible and asymmetrical manner.

- **Preservation of the Cotonou Trade Acquis**

10. The Pacific ACP – EC EPA will preserve and improve the currently existing preferential access into the EU market for both traditional and non-traditional Pacific ACP exports and all Pacific ACP States participating in the EPA should be better off following the negotiations.

11. In accordance with Article 36(4) of the Cotonou Agreement, the Pacific ACP and the EC shall review the commodity protocols in the context of the new trading arrangements, in particular as regards their compatibility with WTO rules, with a view to safeguarding the benefits derived therefrom, bearing in mind the special legal status of the Sugar Protocol.

- **Special and Differential Treatment**

12. Economic and trade co-operation shall take account of the different needs and levels of development of Pacific ACP countries. Both sides agree that under the Pacific ACP–EC EPA special and differential treatment should be provided to all Pacific ACP States, taking into account the particular constraints of Pacific ACP Least Developed Countries (LDCs) and the

Smaller Island States (SIS) of the Forum and their need for special treatment to enable them to overcome the serious economic and social difficulties hindering their development so as to step up their respective rates of development.

13. Special and differential treatment should be provided to all Pacific ACP States in a way that takes due account of their vulnerabilities as small island countries.

14. WTO-compatible Pacific ACP-EC new trading arrangements should encompass a variety of forms of special and differential treatment, not limited only to longer transitional periods and technical assistance. The way in which special and differential treatment is incorporated in an EPA may go beyond existing WTO measures and include provisions that effectively address the Pacific ACP States' critical constraints of small size, dispersed land masses and populations, and isolation from major markets and sources of investment and supply for important economic inputs.

15. Flexibility will be built into the broadly agreed framework of the Pacific ACP-EC EPA to allow individual countries to adjust the pattern and schedules of implementation consistent with their national circumstances, while pursuing the objective of regional integration.

16. The Pacific ACP-EC EPA shall contribute to the establishment of specific provisions and measures to support Pacific ACP States in their efforts to overcome the natural and geographical difficulties and other obstacles hampering their development as island states so as to enable them to step up their respective rates of development.

- **Implications of the EPA for Other Trade Arrangements**

17. Both sides recognise that conclusion of the Pacific ACP-EC EPA involving the ultimate liberalisation of trade between them may have important implications for the Pacific ACP States in terms of their existing legal commitments with other trading partners and resultant potential consequences for their overall national development efforts. Those implications will need to be reflected in all areas of the negotiations so that the Pacific ACP-EC EPA, both as a stand-alone Partnership Agreement as well as taken in the context of the Pacific ACP States other trading commitments, constitutes a significant net contributor to the development of the Pacific ACP States.

- **WTO Compatibility**

18. The Pacific ACP-EC new trading arrangements will be compatible with WTO Rules then prevailing. The Pacific ACP States and the EC agree to cooperate closely in identifying and furthering their common interests in international economic and trade cooperation, in particular in the WTO in all areas relating to issues to be dealt with during the negotiations.

- **Resources and Support for Adjustment**

19. For Pacific ACP States, implementation of the EPA will require significant adjustments in order to, in particular, upgrade productive structures, diversify exports, develop human resources and institutional capacity, and maintain adequate fiscal revenues. Resources will be needed to assist the Pacific ACP States in meeting these EPA-related adjustment costs.

20. In that regard, the two parties have agreed on the need to seek financial assistance for projects and programmes identified to accompany implementation of the EPA in all of its

facets. In doing so, all of the instruments and procedures of the Cotonou Agreement will be utilised (mid-term review, programming for the successor of the 9<sup>th</sup> EDF etc) as well as complementary resources (e.g. co-financing of Member States of the EU and other development partners). Both sides have also agreed to cooperate closely with a view to delivering quickly EC financial support.

### **Structure of the Negotiations**

21. The negotiation of a Pacific ACP - EC EPA will take place at two levels, namely Ministerial level and Senior Negotiators level. Preparatory talks and the drafting of relevant working papers on a technical level will ensure preparation of and co-ordination on all the subjects for negotiation before meetings at the senior level.

- **Pacific Negotiation Structure**

22. The Pacific ACP States have chosen Ministers for Trade from the Cook Islands, Fiji, Papua New Guinea, the Republic of the Marshall Islands, Palau, Samoa, Tonga and Tuvalu as members of its Regional Negotiating Team (RNT) with primary responsibility for the conduct of Phase II EPA negotiations. Within the RNT, Ministers from Fiji, Papua New Guinea, Samoa, Tonga and Tuvalu shall be lead spokespersons. The RNT has elected the Hon. Kaliopate Tavola, Minister of Foreign Affairs and External Trade of Fiji, as the overall Lead Spokesperson for the Pacific region and the Hon. Joachim Hans Keil, Minister for Commerce, Industry and Labour of Samoa as the alternate.

23. At the Senior Negotiators level, the RNT will establish Negotiating Groups (NGs) on specific issues/subject areas. Each NG will be led by a senior Pacific trade official and include Pacific ACP Ambassadors and/or other senior officials and other experts from Pacific ACP States (not limited to individuals from countries on the RNT). The composition of each NG will be decided by the RNT, in consultation with the Pacific Islands Forum Secretariat (PIFS) and the Pacific ACP Group. Each NG will decide on a lead negotiator. The lead negotiator will coordinate preparations at the technical level.

- **EC Negotiation Structure**

24. The organisation of the EC follows the structures and procedures as determined by the Treaty establishing the European Community. The European Commission will negotiate on behalf of the EC, represented by the Commissioner for Trade, at Ministerial level, and a senior official of DG Trade at the level of senior negotiator. Preparations at the technical level will be coordinated by DG Trade with other DGs participating as appropriate.

### **Regional Preparatory Task Force**

25. The Pacific ACP States and EC will establish a Regional Preparatory Task Force (RPTF) in order to reinforce the close link between EPA negotiations and development cooperation as mandated by the Cotonou Agreement. The RPTF will not constitute an element of the negotiation structure but will contribute ideas for cooperation activities in the light of the ongoing negotiations and, generally, facilitate the efficient delivery of support to the region in its preparation, negotiation and implementation of a Pacific EC EPA. In this regard, both sides note, in particular, the Pacific ACP States' need for resources as indicated in paragraph 19 above. Needs arising from the EPA negotiations should be considered in programming of EU development support.

26. The Pacific membership of the RPTF will comprise representatives of the regional authorising officer, national authorising officers where required, the PIFS, and relevant experts. The EC membership will include representatives of DG Trade, DG Development, the EuropeAid Cooperation Office and relevant Delegations.

27. RPTF meetings will normally be held in the margins of negotiation meetings or via teleconferencing whenever practical. Both sides recognise, however, that, given the widely dispersed nature of the Pacific ACP region, the need to include on the RPTF representatives from the diverse needs, interests and concerns of the region, and the unlikelihood of all Pacific ACP members of the RPTF normally attending the same negotiation meetings, financial assistance will be sought to enable the Task Force to carry out its deliberations effectively in the light of the geographical and the economic circumstances of the Pacific ACP States.

### **Indicative Schedule of Negotiations**

28. Achieving the successful conclusion of a development-oriented EPA will require continuing close co-operation and co-ordination at all levels involving Pacific ACP NGs and EU officials on detailed technical issues and the RNT and senior representatives of the EU on political/policy matters.

#### **Stage I – Substantive Negotiations (Duration: October 2004 – December 2006)**

29. The objective of Stage I is to reach substantive agreement on basic principles and elements to be integrated into an EPA (e.g. investment, fisheries, services etc.) in close connection with the issue of regional integration and the structure of an EPA between the Pacific ACP Group and the EU.

30. By way of approach, discussions may initially focus on principles to be included in the EPA and issues to be considered during the negotiations.

31. During Stage I, a range of consultative activities will be carried out so that all Pacific ACP States and other stakeholders will have regular opportunities to contribute to the formulation of the region's negotiating position. In this context, the EC will also organise an EPA orientation seminar in Brussels where relevant stakeholders of the region will be introduced to the institutional organisation and functioning of the EU.

32. Detailed research and preparatory activities will also be undertaken by TEAG and Technical Working Groups (TWGs) operating under the direction of the PIFS and, where feasible and appropriate, in coordination with the EC in the context of technical preparatory talks. In this context, regional integration issues will be given particular attention as they relate to the various subjects discussed under an EPA (e.g. fisheries, investment, tourism etc.).

33. In order to ensure that the region has the best expertise possible for the preparation of negotiating positions and ensure the appropriate analysis of sustainability issues, the RNM will also seek to cooperate in specific areas with regional and international organizations (e.g. trade and poverty aspects in the region with IMF and the World Bank; investment issues with the OECD; on fisheries issues with the FFC/FFA, etc). In this context, particular attention will also be paid to the ongoing EC's Sustainable Impact Assessment (SIA) exercise with a view to both making optimal use of its results within EPA negotiations and feeding ideas and

outcomes of the negotiation process into the construction of a Pacific ACP-specific SIA exercise.

34. While each party will autonomously define its formal negotiating positions in accordance with its own internal procedures, they agree to share, whenever possible and at no cost data, statistics or reports that may assist in defining those positions on the basis of the best objective information available. In the sharing of information the rights of all concerned will be respected.

35. NGs will hold negotiating sessions with EU officials on specific technical issues. These meetings will be prepared at the technical level, including through drafting joint working papers on the issues in question. The RNT will also meet with senior EU representatives, as required, to negotiate substantive political/policy issues.

36. In 2005, it is foreseen to have three full negotiation sessions at senior officials level (tentatively scheduled for the first, third and fourth quarters). A ministerial negotiating session may also be held. Discussions will focus on principles and a priority cluster of selected major issues to be dealt with under the EPA.

37. In 2006, negotiation sessions and technical preparatory talks will continue as required. Where required, additional teleconferences may be organised in 2005 and 2006.

38. By the end of 2006 it is expected that a substantive agreement will have been reached on an EPA structure and most if not all of the basic principles and points of detail to be included in a Pacific ACP-EC EPA. At the latest towards the end of 2006 a Pacific ACP-EC meeting at ministerial level will be held to take stock of the progress and resolve any issues where necessary in order to prepare the ground for entering Stage II.

#### **Stage II – Final Negotiations, including drafting of legal texts, and conclusion of the negotiations (Duration: January 2007 – 31 December 2007)**

39. Based on the results of the rounds of EPA negotiations at Ministerial and Senior Officials levels held in Stage I, the objective of Stage II is to finalise any issues outstanding and to translate principles and agreed arrangements, matters of substance and points of detail into a binding legal text. The aim will be to finalise technical work during the second quarter of 2007 so as to provide for sufficient time to consult with all stakeholders on the outcome and take the measures necessary for the application of the Pacific ACP-EC EPA as of January 1, 2008. Further meetings are foreseen in 2007. If possible, and all issues can be agreed by Senior Officials during the negotiations, the final texts will be approved at the Ministerial level by exchange of letters before their ratification by the parties.

#### **Venues for Meetings**

40. The venues for negotiation meetings at Ministerial and senior negotiators levels will alternate between the Pacific and Brussels. Technical negotiation sessions will be held preferably within the Pacific region. Where necessary and feasible, negotiation meetings may be held back to back with other meetings (eg Post-Forum dialogues, all ACP meetings in Brussels or WTO-related meetings in Geneva) or be organised through teleconferences.

Nadi, Fiji  
10 September 2004