

Seminar on the Pacific-EU Economic Partnership Agreement

28/ 29th April 2008, Madang – Papua New Guinea

Joint Statement:

The following is a joint statement issued by civil society organisations and private sector organisations of the Pacific Island countries, expressing grave concerns about ongoing negotiations between Pacific nations and the European Union for a new free trade agreement, to be known as an Economic Partnership Agreement (EPA).

We, the undersigned, have four key concerns about the EPAs put forward by the European Commission, including the interim-EPAs already initialed by Papua New Guinea and Fiji, and the 'comprehensive EPAs' the Commission is pushing for all Pacific countries to sign before the end of 2008.

We are concerned that:

1.) The EPAs will reduce government revenue in Pacific countries

By pushing Pacific governments to sign a free trade agreement on goods, which lowers tariffs on "substantially all trade" between the Pacific and the EU (instead of unilaterally modifying the EU's preferential market access rules to make them World Trade Organisation compatible) the EU is cutting off an important source of government revenue for many Pacific countries: taxes on imports.

Under the Pacific Agreement on Closer Economic Relations (PACER) Australia and New Zealand are going to demand the same market access as granted the EU under any EPA, which could have drastic consequences in terms lost government revenue. Pacific countries will find it extremely difficult to replace this lost revenue, and will have to cut services (like health and education) to their peoples.

2.) The EPAs will undermine the sovereignty of Pacific governments and peoples

Under the EPAs Pacific governments will have to sell away policy space that allows governments to discriminate in favour of local firms and suppliers. Furthermore, Pacific governments will lose forever tools that could be used to nurture and support the development of their own industries and services sectors. Governments will have to offer 'national treatment' to foreign companies operating in their countries –instead of favouring local firms to help grow local industry and service suppliers.

3.) The EPAs will harm development in Pacific countries

The European Commission is insisting that the EPAs contain a provision to eliminate all export restrictions. This would mean that Pacific countries would not be in a position to limit or tax exports of their natural resources (fish, wood, oil, minerals, raw materials etc.) so as to preserve them for local value added-processing, in order move up from commodity producers to value-added producers.

The interim-EPAs initialed by PNG and Fiji contain clauses preventing export taxes and export restrictions. Fiji has an export ban on unprocessed logs, in place to try and grow local furniture companies and stimulate local value-adding in the timber industry. PNG has an export tax on logs that earns over K100million each year. These export restrictions will have to be removed if PNG and Fiji sign the initialed interim-deals.

The so-called 'infant industry safeguards' in the interim-EPAs actually prevent Pacific governments using tariffs to nurture *new* industries, making it extremely difficult to develop competitive value-adding processes. This will keep Pacific countries exporting raw commodities, and make it difficult to move up the processing chain.

4.) The EPAs will reduce the ability of Pacific governments to meet their human rights obligations to their people

We note that the EPA envisaged by the EU has implications for the ability of Pacific governments to meet their human rights obligations to their own peoples – particularly the right to the highest attainable standards of health, the right to housing, and access to essential services like water, health, and education.

The stringent intellectual property clauses proposed by the EU will make some medicines more expensive for Pacific people, and an agreement on services may restrict the ability of Pacific governments to provide essential services to *all* their peoples.

In light of these, and other concerns, and as representatives of Pacific civil society and Pacific businesses, we call for:

- Pacific governments not to sign into law any interim-EPA, until independent evaluations and impact assessments of what has been initialed have been completed.
- The European Commission to offer Pacific countries long term options for trade in goods that would include:
 - (i) Adapting its unilateral preference scheme so they further open European markets and are made permanent, ensuring no Pacific country would be left worse off it does not conclude a free trade agreement.
 - (ii) Renegotiation of any aspect of the initialed EPAs and a commitment to reduce the deals to the minimum needed for WTO compliance.
- The European Commission to allow PNG and Fiji to re-negotiate contentious clauses within the interim-EPAs – especially those concerning export restrictions, 'infant industry safeguards', and Most Favoured Nation provisions.

It is our sincere hope that Pacific governments, and Pacific trade ministries, will be vigilant during the ongoing negotiations and keep the concerns of Pacific peoples at the forefront in those negotiations. We request our leaders to consider Pacific civil-society and private sector organisations concerns and are open to further discussions.

This joint statement is endorsed by the following representatives of Pacific civil society and private sector organizations:

Pacific Islands Association of Non-Government Organisations
Pacific Network on Globalisation
Pacific Concerns Resources Centre
Vanuatu Association of Non-Government Organisations
National Council of Women – Fiji
Fiji Chamber of Commerce