

SEVENTH PARLIAMENT OF GUYANA

FIRST SESSION (1998 – 2000)

NATIONAL ASSEMBLY

RESOLUTION NO. 57

WHEREAS the Government of Guyana became a State Party to the Georgetown Agreement, which on June 6, 1975 established the Group of African, Caribbean and Pacific States that is referred to as the ACP Group; and

WHEREAS Guyana, as a member of the ACP Group, has been a signatory to and beneficiary of the various Trade and Aid Cooperation Agreements known as the LOME Conventions negotiated between the ACP Group and European Community (EC) since 1975, with the Fourth Lome Convention, known as LOME IV, concluded for a period of ten years from March 1, 1999 to February 29, 2000; and

WHEREAS this National Assembly of the Parliament of Guyana considered a Motion by the Minister of Foreign Affairs, vide Notice Paper No. 66 (M25 Govt 21), Published July 22, 1999 and entitled “The ACP-EU Negotiations on a Post-Lome IV Agreement” and endorsed the preparations of the ACP Group for the ACP-EU Negotiations for a post-Lome IV Agreement; and

WHEREAS the final negotiations between the ACP and the European Union (EU) for a post Lome IV Agreement was held in Brussels on February 1-3, 2000 with the successor arrangement to be entitled the “Partnership Agreement Between the African, Caribbean and Pacific States and the European Community and its Member States” (abbreviated ACP-EU Partnership Agreement); and

WHEREAS the ACP-EU Partnership Agreement was signed in Cotonou, Benin on June 23, 2000; and

WHEREAS the key elements of the ACP-EU Partnership Agreement are indicated hereunder:

(a) **New Trading Arrangements:**

- i. In order to facilitate a transition to new WTO-compatible trading arrangements, the non-reciprocal trade preferences applied under Lome IV will be maintained during a preparatory period (2000 -- 2007) in keeping with the Trade Regime which appears as Annex V to the main text of the Partnership Agreement and entitled "Trade Regime applicable during the Preparatory Period referred to in Article 36 (1)."
- ii. (Regional) Economic partnership agreements shall be negotiated during the preparatory period which shall end by December 2007. Formal negotiations of the new trading arrangements shall start in September 2002 and the new arrangements shall enter into force on January 1, 2008. The preparatory period shall also be used for capacity-building in the ACP public and private sectors, including measures to enhance competitiveness, for strengthening regional organizations and for support to regional trade integration initiatives, where appropriate with assistance to budgetary adjustment and fiscal reform, as well as for infrastructure upgrading and developments, and for investment promotion
- iii. **Caricom's Strategy:** The Caribbean Regional Negotiating Machinery (CRNM) has undertaken a study of the trade options which the region could consider for an economic partnership agreement with the EU. The study will examine a sui generis

model – a combination of reciprocal and non-reciprocal instruments – which will meet the criteria of phased reciprocity and WTO-compatibility at the same time. This study is expected to be available in June/July 2000, for examination by regional officials and experts shortly thereafter. The Caribbean will consult and collaborate closely with the other ACP groups in Africa and the Pacific which are taking similar approaches.

(b) **Development Financing:**

- i. The financial resources provided for in the agreement will apply to a wide number of areas such as debt and structural adjustment support, support in cases of short-term fluctuations in export earnings, support for sectoral policies, micro-projects and decentralised cooperation, humanitarian and emergency assistance, and investment and private sector development support.
- ii. A financial envelope of 15.2 billion Euros have been earmarked. Of this amount the European Investment Bank (EIB) will receive an allocation of 1.7 billion Euros which will be supplemented by its own resources for on-lending to ACP enterprises. Additionally, approximately 9 billion Euros of uncommitted European Development Funds (EDF) will be transferred to the 9th EDF. These combined sums will cover the preparatory period from 2000 – 2007. The EU has underlined its determination to quicken the pace of disbursement through its new programming. This would materially enhance ACP benefits.
- iii. **Investment Facility:** One of the more innovative mechanisms in the new Partnership Agreement is the Investment Facility. The Facility will be managed by the EIB and available to ACP private sector entities, including commercially run public sector entities.

including revenue generating economic and technological infrastructure critical for the private sector.' 2.2 billion Euros is reserved for this facility at an interest rate subsidy (to ACP beneficiaries) not exceeding 3%.

iv. With respect to the **rice and rum** sectors which are of major interest to Guyana (and in which Guyana is a leading ACP exporter) the agreement sets out substantial sector-specific development programmes, which will be financed by the EU with funds including unallocated resources from the European Development Fund (EDF). In the case of each sector (rice and rum) the financial resources available would approximate ECU 100 million. The Programme for **rice** will include:

- Improvement of conditions of production and enhancement of quality through action in the areas of research, harvesting and handling;
- Transport and storage;
- Enhancing the competitiveness of existing rice exporters;
- Assisting ACP rice producers to meet environmental and waste management standards and other norms in the international markets, including the EU;
- Marketing and trade promotion;
- Programmes designed to develop value-added by-products

The programme for **rum** will include the following measures

- Enhancing the competitiveness of existing exporters of rum
- Assist in creation of rum marques or brands by ACP region or country,
- Enabling marketing campaigns to be designed and implemented
- Assist ACP rum producers to meet environmental and waste management standards and other norms in the international

markets including the EU;

- Assist the ACP rum industry to move out of bulk commodity production into higher value branded rum products.

The two sides also agreed to establish separate joint Working Parties which will meet regularly to examine developments in the ACP rice and rum industries including market access conditions in the EU. This leaves open the possibility for addressing improved market access.

- v. **Caricom's Strategy:** The Regional Negotiating Machinery has requested the EC to provide technical assistance to the region's National Authorising Officers (NAO) to understand the compendia to the Agreement as well as the procedures for accessing the new facilities.
- vi. The existing arrangements for trading sugar into Europe remain unchanged. The Sugar Protocol, which gives a guaranteed price related to EU internal prices for an indefinite duration, will be annexed to the new Partnership Agreement exactly as it stands in the old Lome Agreement. In Article 13 of Chapter 2 of the "Trade Regime Applicable during the Preparatory Period" the following 'Special Undertaking on Sugar' is stated as follows:
 "In accordance with Article 25 of the ACP-EEC Convention of Lome signed on 28 February 1975 and with Protocol 3 annexed thereto, the Community has undertaken for an indefinite period, notwithstanding the other provisions of this Annex, to purchase and import, at guaranteed prices, specific quantities of cane sugar, raw or white, which originates in the ACP States producing and exporting cane sugar and which those States have undertaken to deliver to it...The conditions for the

implementation of the aforementioned Article 25 have been laid down by Protocol 3 referred to in paragraph 1. The text of the Protocol is attached to this Annex as Protocol 3."

- (c) The **duration** of the new trading arrangements after the preparatory period will be 20 years.

WHEREAS in an overall sense, the agreed package represents a successful outcome for the ACP as a whole and particularly so for the Caribbean's leadership and input in the ACP's strategy throughout the negotiations. For example:

- (i) The EU retreated from its hardline position that the ACP must choose the alternative trade model and identify same in the Framework Agreement itself.
- (ii) The European Commission (EC) withdrew its insistence that in the preparatory (or transition) period the ACP should only consider REPAs and no other alternative trade option. The ACP countries have maintained their right to consider other options – including a non-reciprocal model based on phased liberalization (consistent with WTO conditions).
- (iii) The ACP secured a preliminary period of 2 ½ years (to September 2002) before formal negotiations begin on the post-2007 trade regime. The EU wanted to start in 2000.
- (iv) The non-inclusion of good governance as an 'essential element' which would have attracted sanctions or suspension of benefits at the determination of the EU. The two sides agreed to include the issue of good governance as a 'fundamental element' which would trigger sanctions only in cases of corruption including 'acts of bribery leading to corruption'. The Caribbean, nevertheless, was not the main target of the EU in this regard.
- (v) A joint ACP-EU Ministerial monitoring mechanism will oversee the 8-year preparatory period to build ACP capacity and protect ACP development interests.

WHEREAS nevertheless, while the agreement reached in Brussels delivered most that the ACP sought, substantially less was achieved in the important areas of market access and transitional periods.

- In the area of market access the EU refused to grant improved preferential market access to ACP exports during the transition period from 2000 – 2007. The EU's initial position was that the commodity protocols, for example, were quickly becoming inconsistent with the trend of WTO-compatibility and, therefore, need to be revised. The EU's concern in the matter, however, boiled down to its desire to protect its own agriculture sector in the specific areas.
- The issue of transition period is two-fold. **First**, the transition period before the successor arrangement is implemented. The proposed minimum 10 - year period which was sought by the ACP (from 2000-2009) to make the necessary adjustments was derived from consultations with the various ACP private sectors. The agreed 8 year transition (from 2000-2007) represents both a loss and gain for the ACP. A loss in the sense that it is less than the evaluated minimum ten years needed by the ACP's private sectors to adjust to a more competitive environment, and a gain of three years more than the five years which the EU had misrepresented throughout that was the maximum allowable by the WTO. **Second**, the transition of the successor agreement into a fully reciprocal or free trade arrangement. The ACP had sought 30 years (more realistically 25 years, bearing in mind other negotiations in the WTO and FTAA) The EU agreed to only 20 years.

WHEREAS the ACP's Negotiating Strategy held together on the principle of ACP solidarity which was articulated by the Caribbean Group. The Caribbean's preparations for the negotiations was strengthened with the establishment of the Regional Negotiating Machinery (RNM) in April 1997 by Caricom Heads of Government. This allowed the Caribbean to play a lead role in the shaping of the ACP's negotiating Strategy and

Mandate. The Caribbean was also entrusted by ACP Heads of Government to lead the negotiations in the critical trade area..

WHEREAS in the development of the Caribbean's Strategy **Guyana** was given Ministerial responsibility in the commodity protocols of vital interest to the Caribbean mainly rice and rum. The Banana Protocol was already the subject of discussion in relation to the WTO ruling on the EU Banana import regime. Sugar is of a separate regime and was not to be part of the negotiations. The Caribbean insisted on this aspect in relation to sugar as the initial indications from the EU suggested otherwise. The Guyana Rice Development Board (GRDB) together with the Caribbean Rice Association (CRA) developed the ACP's proposal on rice and the local industry was vigilant in its representation in Brussels throughout the negotiations. In the case of rum, the Demerara Distillers Limited played a leading role in the West Indies Rum and Spirits Producers Association (WIRSPA) which developed the ACP's rum proposal. The DDL is Guyana's only and one of the ACP's largest exporters of bulk rum to the European Union (EU). GUYSUICO, the largest ACP Caribbean producer and exporter of sugar to the EU maintained oversight on the sugar matter.

WHEREAS Guyana's preparation for and participation in the negotiations was coordinated by the National Advisory Committee on External Negotiations (NACEN), under the Chairmanship of the Minister of Foreign Affairs.

WHEREAS the conclusion of the ACP-EU Partnership Agreement represents the first phase in the ACP-EU post-Lome IV negotiations -- the roll-over of the current Lome preferences until 2007 and the agreed Framework Agreement for the post-2007 Partnership Arrangements. The second phase, which will be extremely critical for Guyana and the Caribbean Community, will be the negotiations from 2002-2007, during the transition or preparatory period, for the successor trade arrangements to be implemented in 2008

NOW THEREFORE be it resolved that this National Assembly of the Parliament of Guyana endorses the “**Partnership Agreement Between the African, Caribbean and Pacific States and the European Community and its Member States.**”

Passed by the National Assembly on 23rd October, 2000



F.A. NARAIN
Clerk of the National Assembly