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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 10.7.2008
COM(2008) 446 final

2008/0139 (AVC)

Proposal for a

COUNCIL DECISION

concluding the stepping stone Economic Partnership Agreement between the European Community and its Member States, of the one part, and Central Africa, of the other part

(presented by the Commission)

EXPLANATORY MEMORANDUM

The attached proposal constitutes the legal instrument for the conclusion of a stepping stone Economic Partnership Agreement (EPA) between the European Community and its Member States, of the one part, and Central Africa¹, of the other part:

Proposal for a Council Decision concluding the stepping stone EPA.

As announced in the Communication to the Council and the European Parliament dated 23 October 2007, and as it was not possible to conclude before end 2007 a complete EPA with the whole Central African region², this stepping stone EPA has been negotiated in order to avoid disrupting trade between Central Africa, which is composed of Cameroon in the stepping stone EPA for the time being, and the European Community, pending completion of the comprehensive EPA with the whole Central African region. Following the initialling of this stepping stone EPA on 17 December 2007, Cameroon was added to the list of countries benefiting from the EPA trade regime established by Council Regulation (EC) No 1528/2007, adopted on 20 December 2007. This Regulation provides for an advance application of the EPA trade regime. This ensured that there was no trade disruption for Cameroon upon the expiry on 31 December 2007 of the trade provisions set out in Annex V of the Cotonou Agreement and the WTO waiver that covered them.

As Least Developed Countries (LDC), all other Central African countries, except Gabon and the Republic of Congo, benefit from the Everything But the Arms (EBA) initiative since 1 January 2008. This regime is broadly equivalent to the transitory trade regime of Cotonou and therefore does not disrupt their trade with the European Community. Gabon and the Republic of Congo are subject to the regular GSP regime since 1 January 2008 but were offered the possibility of joining the stepping stone EPA. Up to now, they have not decided to do so.

The stepping stone EPA contains provisions on Trade in Goods, that is to say Customs and Non Tariff Measures, Trade Defence Instruments, Customs Regime and Trade Facilitation, Technical Barriers to Trade and Sanitary and Phytosanitary Measures, and Forestry Governance and Trade for Forest Related Products. It also contains Development Cooperation provisions setting out priority areas of action for its implementation. The stepping stone EPA establishes a framework for development cooperation towards the strengthening of capacity and reinforcement of national economies in Central Africa. It also recalls the Commission's and Member States' intention to contribute to a regional development fund.

The negotiation of a full EPA with all Central African states continues, consistently with the negotiating directives for EPAs with the ACP States adopted by Council on 12 June 2002. The stepping stone EPA initialled by Cameroon is intended to be available for the region as a whole. It will be extended by the outcome of negotiations for full EPA reached in 2008. It therefore foresees the continuation of negotiations at regional level on Establishment, Services and Electronic Trade and Trade Related rules.

Pending its entry into force, the stepping stone EPA foresees its provisional application.

¹ At this stage, and for purposes of the present stepping stone EPA, the Central African part is composed of Cameroon which is the only country to have initialled it up to now.

² The countries of this region are Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Congo, Equatorial Guinea, Gabon, Sao Tomé and Príncipe.

The Commission has judged the results of the negotiations to be satisfactory and in accordance with the negotiating directives from the Council and requests the Council to conclude the stepping stone EPA on behalf of the Community.

The European Parliament will be called upon to give its assent to the conclusion of the stepping stone EPA.

The Member States are also parties to the stepping stone EPA, which therefore needs to be ratified by them according to their internal procedures.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 133 and 181 in conjunction with the second subparagraph of Article 300(3) thereof,

Having regard to the proposal from the Commission³,

Having regard to the assent of the European Parliament⁴,

Whereas:

- (1) On 12 June 2002 the Council authorised the Commission to open negotiations of Economic Partnership Agreements with ACP countries.
- (2) These negotiations for a stepping stone Economic Partnership Agreement (hereinafter referred to as the 'stepping stone EPA') have been concluded and the stepping stone EPA between the European Community and its Member States, of the one part, and Central Africa, of the other part (comprising Cameroon) was initialled on 17 December 2007.
- (3) The stepping stone EPA has been provisionally applied since [...] pending its entry into force.
- (4) The stepping stone EPA should be concluded on behalf of the European Community,

HAS DECIDED AS FOLLOWS:

Article 1

The stepping stone Economic Partnership Agreement between Central Africa and the European Community and its Member States is hereby approved on behalf of the Community.

³ OJ C [...], [...], p. [...].

⁴ OJ C [...], [...], p. [...].

Article 2

The President of the Council shall give the notification referred to in Article 98(2) of the stepping stone Economic Partnership Agreement on behalf of the Community.

Done in Brussels, [...]

*For the Council
The President
[...]*

**LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A
BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE**

1. NAME OF THE PROPOSAL:

COUNCIL DECISION on the conclusion of a stepping stone Economic Partnership Agreement between the European Community and its Member States, of the one part, and Central Africa, on the other part.

2. BUDGET LINES:

Chapter and Article: 12/20

Amount budgeted for the year concerned: **16 431 900 000 (PDB 2008)**

3. FINANCIAL IMPACT

- Proposal has no financial implications
- Proposal has no financial impact on expenditure but has a financial impact on revenue – the effect is as follows:

4. ANTI-FRAUD MEASURES

In order to protect the Communities' financial interests against fraud and other irregularities, the Commission may carry out on-the-spot checks and inspections in accordance with Article 26 of the stepping stone Economic Partnership Agreement. Where necessary, investigations shall be conducted by the European Anti-Fraud Office (OLAF) and these shall be governed by Regulation (EC) No 1073/1999 of the European Parliament and of the Council. The Commission will conduct regular document-based and on-the-spot checks.

5. OTHER REMARKS

All remaining customs tariffs on products originating in those ACP regions or states that concluded negotiations on Economic Partnership Agreements or agreements including WTO compatible trade arrangements were removed by the adoption of Council Regulation 1528/2007. There is, therefore, no additional financial impact associated with this proposal.