



EUROPEAN PARLIAMENT

2009 - 2014

Committee on International Trade

2010/2233(INI)

26.1.2011

OPINION

of the Committee on International Trade

for the Committee on Foreign Affairs

on European Union relations with the Gulf Cooperation Council
(2010/2233(INI))

Rapporteur(*): Mário David

(*)Associated committee - Rule 50 of the Rules of Procedure

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SUGGESTIONS

The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Recalls its resolution of 24 April 2008 on the Free Trade Agreement (FTA) between the EC and the Gulf Cooperation Council (GCC), which was supported by 96% of MEPs; notes that questions raised by the resolution, such as the need for reciprocal market access, effective protection of IPR, removal of non-tariff barriers to the provision of services, promotion of sustainable development and respect for international conventions, still persist;
2. Deeply regrets that negotiations on the EU-GCC FTA have been repeatedly delayed for long periods of time and deplores the GCC's decision to suspend these negotiations in 2008; believes that it is high time to unblock these negotiations so that a definitive solution may be found, in order to reap maximum benefits for the societies and business communities on both sides;
3. Regrets that the region has been neglected by the EU despite its strategic importance in terms of oil supplies, trade opportunities and regional stability;
4. Notes that, after 20 years of negotiations, the Free Trade Agreement has still to be concluded; is aware that the human rights and illegal migration clauses have been rejected by some Gulf Cooperation Council states;
5. Considers that, given the region's strategic importance, the FTA should be seen not only as an instrument to enhance welfare through trade but also as a tool to foster geopolitical stability;
6. Notes that the GCC is currently the EU's sixth largest export market and that the EU is currently the GCC's main trading partner; notes that, notwithstanding this already intensive level of trade, there is still scope for deepening it, as well as room for more diversification of trade between the two parties, given the size of the EU market and efforts on the part of GCC states to diversify their exports; notes that an FTA would also provide new opportunities for technical cooperation and assistance; is of the opinion that the conclusion of the EU-GCC FTA would greatly favour closer ties and further diversification;
7. Points out that, given that the GCC states are advancing towards economic diversification aimed at reducing their oil dependency, an increase in services trade and investment would help to foster the development of the GCC economies;
8. Welcomes the fact that over the past two decades EU-GCC economic relations have been intensifying and that trade volumes between the two sides have increased significantly, despite the failure to conclude an FTA; takes this as a sign that an FTA would further enhance this natural growth and embed it in a more open, predictable and secure environment;
9. Notes that the bulk of the work on the FTA has already been done, and is of the opinion

that the scope of the FTA as it stands promises great advantages to both parties; calls on both parties, therefore, to look upon this FTA as a major and important endeavour for both regions and their peoples; considers that the EU and the GCC have shared interests and needs and that the EU's experience in regional integration can be a source of inspiration for the Gulf; considers that, in this connection, the EU can provide valuable technical assistance;

10. Draws attention to the fact that, unless remedied, a lack of transparency in public procurement procedures and barriers to entry for foreign investors in the services sector could jeopardise the conclusion of the agreement;
11. Is firmly of the opinion that an EU-GCC FTA would be substantially advantageous to both parties; believes that an FTA with the EU would endorse further economic integration of the GCC and that, following the establishment of the GCC Customs Union, it may also provide a greater impetus to important projects such as the GCC common market and the completion of a GCC Monetary Union with a single currency; considers that the GCC could benefit from lessons learned during the formation of a single market and adoption of a single currency by the EU;
12. Strongly supports the message that the HR/VP Catherine Ashton sent during the EU-GCC Joint Ministerial Council meeting in June 2010 and more recently on 22 September, during the EU-GCC meeting on the margins of the UN General Assembly ministerial meeting, indicating that the EU is ready to make a final effort to conclude these negotiations; also welcomes the reaction of the GCC, which also confirmed its wish to conclude the negotiations;
13. Acknowledges the sensitivities of some GCC states on export duties, but regrets the recent decision by the GCC negotiators to revert to their 2008 position in this regard, i.e. to leave the disciplines on this issue out of the FTA; is firmly of the opinion that no current FTA can leave out the question of export duties and that WTO rules state that FTAs have to provide for the substantial liberalisation of both imports and exports;
14. Recommends that the EU devote more resources to the GCC, i.e. through the instrument for cooperation with industrialised and other high income countries (ICIHI), which should be made more visible and should focus on suitable programmes for training local officials, including in trade matters;
15. Recalls that, following the Lisbon Treaty, international trade policy is one of the EU's foreign policy tools and that as such, for the Union, respect for democratic principles and fundamental human rights, together with social and environmental dimensions, are absolutely essential in all its international agreements; calls, therefore, for any future free trade agreement to include an effective and enforceable human rights clause;
16. Notes that there are 15 million migrant workers in the six Gulf Cooperation Council states and that those workers make up 40% of the total population; recalls the precarious situation of migrant workers in the Gulf States which was highlighted by the International Labour Organisation (ILO) and supports the ILO's call for a minimum wage in the region in order to prevent any further deterioration in the position of domestic and migrant workers; also supports the right of all workers to form and join trade unions in order to defend their interests;

17. Insists on respect being shown for the democratic principles and fundamental rights established by the Universal Declaration of Human Rights; urges the GCC Member States to combat discrimination against woman and child exploitation, notably on the labour market, and to effectively implement the UN conventions on the Elimination of All Forms of Discrimination against Women and on the Rights of Child;
18. Considers that the ratification and full implementation by the GCC Member States of the framework established by the UN Convention against Transnational Organised Crime, the UN Convention against Corruption and the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families should play an essential role in the FTA negotiations;
19. Believes that a concluded FTA would greatly enhance the current relations between the EU Member States and the GCC states, and would provide added value to the recent Joint Action Programme, in particular, by providing increased capacity and institutional framework building, including within the GCC Secretariat; regrets that the diplomatic presence of the EU in the GCC states remains minimal and insists that under the new EEAS the EU should increase its diplomatic presence in the region, including a Union Delegation in each one of the six GCC states, which should work in close cooperation with national diplomatic services of EU Member States present in the GCC states, to make the most of their combined expertise concerning the region; believes that a more significant diplomatic presence would greatly increase the chances of a speedy conclusion of the FTA and its subsequent implementation;
20. Proposes the establishment of a regular Heads of State and Government summit between the EU and the GCC; stresses that this summit could enhance the political, financial, economic, commercial and cultural ties between the EU and GCC immensely; strongly encourages both the EU and the GCC top political decision-makers to meet on a regular basis in order to jointly define and promote common interests, thus enhancing the likelihood of the FTA's conclusion and signing in the nearest possible future; takes the view that both EU and GCC top political decision-makers should move towards this summit, regardless of the FTA's conclusion and signing;
21. Welcomes the fact that over the years the EU and the GCC have become major investment partners and that the GCC, together with Iraq and Yemen, ranked as the top investor in the EU in 2008; is of the opinion that the conclusion of the FTA, or at least the official reopening of the negotiations, will surely open the way to further agreements which will encourage and facilitate mutual foreign direct investments (FDIs) with a view to eliminating obstacles to foreign ownership and investment protection; recalls that, following the entry into force of the Lisbon Treaty, FDIs now fall within the competence of the EU, and therefore provide further scope for the rapid conclusion of an EU-GCC FTA; notes that any future FTA would open up new investment opportunities for both sides whilst enhancing the possibilities for the GCC to fulfil the criteria as a candidate for an EU investment agreement within the future EU investment policy;
22. Points out that lowering the GCC tariffs as an outcome of the FTA would increase the attractiveness of outward investment by transnational enterprises; is convinced that the FTA will result in an increase in service-related investments which will favour GCC and EU Member State development;

23. Suggests the use of the euro in all types of trade between the EU and the GCC; welcomes the fact that, since its inception, the GCC has expressed its will to create a customs and monetary union; notes that, while the former entered into force in 2009, negotiations on a common currency are currently taking place;
24. Notes that all six GCC states currently benefit from preferential access to the EU market under the EU's Generalised System of Preferences (GSP); stresses that all GCC states should, in accordance with Article 15(1) of Council Regulation (EC) No 732/2008 of 22 July 2008, not only ratify but also effectively implement all 27 ILO and UN conventions listed in Annex III to the regulation; is of the opinion that, given the level of economic progress in the region, the FTA would be a better tool to spread commercial benefits throughout the region;
25. Reaffirms that the primary objective of the EU in its relations with the GCC should be to conclude the FTA, which will be a major region-to-region FTA; but, until this happens, and following what some of the GCC major trade partners have already done, encourages the HR/VP and the Commissioner for Trade to assess alternative approaches to future commercial relations with the GCC states, in the form of bilateral agreements between the EU and those of the Gulf States that already feel prepared to engage in a further commitment with the EU, taking into consideration the heterogeneous economies of the Gulf States, the varied responses of those states to the financial crisis and their relations with other trade partners.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	26.1.2011
Result of final vote	+: 15 -: 2 0: 10
Members present for the final vote	William (The Earl of) Dartmouth, Kader Arif, Daniel Caspary, Christofer Fjellner, Yannick Jadot, Metin Kazak, Bernd Lange, David Martin, Emilio Menéndez del Valle, Vital Moreira, Cristiana Muscardini, Godelieve Quisthoudt-Rowohl, Niccolò Rinaldi, Tokia Saïfi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Keith Taylor, Iuliu Winkler, Jan Zahradil, Pablo Zalba Bidegain, Paweł Zalewski
Substitute(s) present for the final vote	George Sabin Cutaş, Mário David, Jörg Leichtfried, Miloslav Ransdorf, Michael Theurer, Jarosław Leszek Wałęsa
Substitute(s) under Rule 187(2) present for the final vote	Patrice Tirolien