

DESIRING to establish a framework for improved arrangements for trade between the Pacific States and the European Community that are consistent with their obligations under the World Trade Organisation ('WTO');

DESIRING to establish an institutional framework for their Interim Partnership Agreement and a mechanism to resolve any disputes that might arise in that relationship consistently with the objectives of this Agreement,

HAVE DECIDED TO CONCLUDE THIS AGREEMENT:

## PART I

### TRADE PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

#### Article 1

#### Objectives

The objectives of this Agreement are to:

- (a) enable Pacific States to start benefiting from the improved market access offered by the EC Party within the framework of the EPA negotiations and, at the same time, avoid trade disruption between Pacific States and the European Community in view of the expiry of the trade preferences granted under the Cotonou Agreement on 31 December 2007 and pending the conclusion of a comprehensive EPA between the Pacific States and the EC Party, and its Member States as the case may be;
- (b) promote sustainable development and the gradual integration of Pacific States into the world economy, in conformity with their political choices and development priorities;
- (c) establish a free trade area between the Parties based on the common interest, and fulfil this objective by the progressive liberalisation of trade in a manner compliant with applicable WTO rules and the principle of asymmetry, commensurate to the specific needs and capacity constraints of the Pacific States, in terms of levels and timing for commitments under this Agreement;
- (d) set up the appropriate dispute settlement arrangements;
- (e) set up the appropriate institutional arrangements.

#### Article 2

#### Principles

1. This Agreement is based on the Fundamental Principles as well as the Essential and Fundamental Elements set out in Articles 2 and 9 of the Cotonou Agreement. This Agreement shall build on the provisions of the Cotonou Agreement and the previous ACP-EC Partnership Agreements in the area of regional cooperation and integration as well as economic and trade cooperation.
2. The Parties agree that the Cotonou Agreement and this Agreement shall be implemented in a complementary and mutually reinforcing manner.

#### Article 3

#### Sustainable development

1. The Parties reaffirm that the objective of sustainable development shall be an integral part of the provisions of this Agreement, consistent with the overarching objectives and principles set out in Articles 1, 2 and 9 of the Cotonou Agreement, and especially the general commitment to reduce and eventually eradicate poverty in a way that is consistent with the objectives of sustainable development.
2. The Parties understand this objective to apply in the case of the present Agreement as a commitment that:
  - (a) the application of this Agreement shall fully take into account the human, cultural, economic, social, health and environmental best interests of their respective populations and of future generations;
  - (b) decision-taking methods embrace the fundamental principles of ownership, participation and dialogue.
3. As a result the Parties agree to work cooperatively towards the realisation of a sustainable development centred on the human person, who is the main beneficiary of development.

#### Article 4

#### Regional integration

1. This Agreement builds upon and aims at deepening regional integration and the Parties undertake to cooperate to further develop it.
2. Nothing in this Agreement shall prevent any Party from entering into any Agreement for the establishment of a free trade area, customs union or other free trade Agreement with any third countries.

*Article 5***Cooperation in international fora**

1. The Parties shall endeavour to cooperate in all international fora where issues relevant to this Agreement are discussed.

2. The Parties recognise the valuable contribution that regional organisations can make to the achievement of the objectives of this Agreement. The Parties agree to work closely with existing Pacific regional organisations and programmes wherever useful and possible to support the implementation of this Agreement.

## PART II

**TRADE IN GOODS***Article 6***Scope**

This Agreement shall apply to products originating in the European Community or in the Pacific States and falling within Chapters 01 to 97 set out in the EC Party's and the Pacific States'

respective tariff nomenclatures in conformity with the rules of classification applicable to the Harmonised Commodity Description and Coding System (HS).

## CHAPTER 1

**Customs duties***Article 7***Customs Duties and Other Charges**

1. A customs duty includes any duty or charge of any kind imposed on or in connection with the importation of goods, including any form of surtax or surcharge, but does not include:

- (a) internal taxes or other internal charges imposed consistently with Article 23;
- (b) any antidumping, countervailing or safeguard measure applied consistently with Chapter 2 of Part II;
- (c) fees or other charges imposed consistently with paragraph 2.

2. Fees and charges referred to in paragraph 1(c) shall be limited in amount to the approximate cost of services rendered and shall not represent indirect protection for domestic products or a taxation of imports for fiscal purposes. Any such fees and charges shall not be applied on an ad valorem basis.

development needs of the Pacific States. In such review, full consideration shall be given to providing certainty for investors, the development of technologies and production processes and all other factors, including on-going reforms of rules of origin and the establishment of appropriate mechanisms for administrative cooperation between the Parties and the Pacific States as the case may be, which may require modifications to the provisions of this Protocol. Not later than one year before the end of this period, the Parties shall open negotiations on the Protocol with a view to modifying or replacing it. Any such modification or replacement shall be effected by a decision of the Trade Committee.

*Article 9***Classification of goods**

The classification of goods in trade between the EC Party and the Pacific States shall be that set out in the respective tariff nomenclatures based on the Harmonised Commodity Description and Coding System.

*Article 10***Elimination of customs duties on exports***Article 8***Rules of origin**

For the purposes of this Chapter, 'originating' means qualifying under the rules of origin set out in Protocol II to this Agreement. In the period of the five years following the entry into force of this Agreement the Parties shall review the operation of these provisions, with a view to further simplifying the concepts and methods used for the purpose of determining origin in the light of the

Neither the EC Party nor the Pacific States may maintain or institute any duties, taxes or other fees and charges imposed on or in connection with the exportation of goods to the other Party, or any internal taxes, fees and charges on goods exported to the other Party that are in excess of those imposed on like products destined for internal sale, except:

- (a) when these measures are necessary, in conjunction with domestic measures, for ensuring fiscal solvency of a Pacific State or for the protection of the environment; and