

## ACP-EU COTONOU AGREEMENT

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**AFRICAN, CARIBBEAN AND  
PACIFIC GROUP OF STATES**

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**COUNCIL OF  
THE EUROPEAN UNION**

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**Brussels, 17 April 2012**

**ACP/21/003/11**

**ACP-UE 2124/11**

### **OUTCOME OF PROCEEDINGS**

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of:	36th session of the ACP-EU Council of Ministers
on	31 May 2011
in	Brussels, Belgium
Subject:	Outcome of proceedings of the 36th session of the ACP-EU Council of Ministers on 31 May 2011

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The ACP-EU Council of Ministers held its 36th meeting in Brussels, Belgium on 31 May 2011 under the chairmanship of H.E. Ms Dede AHOEFA EKOUE, Minister of Planning and Development of Togo and Co-President of the ACP-EU Council of Ministers.

The meeting was co-chaired for the European Union by H.E. Mr János MARTONYI, Minister of Foreign Affairs of Hungary.

The European Commission was represented by Mr Andris PIEBALGS, Commissioner for Development and by Mr Karel DE GUCHT, Commissioner for Trade. The EEAS was represented by Mr Manuel LOPEZ-BLANCO, Director for West and Central Africa.

## ITEM 1

### ADOPTION OF THE PROVISIONAL AGENDA

[ACP/21/002/11 - ACP-UE 2110/11]

The Council adopted the agenda while amending the title of item 8 which should read:

"Sudan and the ACP-EU Partnership Agreement"

## "A" ITEMS

## ITEM 2

### ADOPTION OF

- **Outcome of Proceedings of the 35th session of the ACP-EU Council of Ministers held on 21-22 June 2010**

[ACP/21/001/11 - ACP-UE 2102/11]

The Council approved the Outcome of Proceedings of the 35th session of the ACP-EU Council of Ministers.

## ITEM 3

### INFORMATION ON

- **ACP-EU Joint Parliamentary Assembly: activities in 2010**

The Council took note of the activities and results of the 19th and 20th ACP-EU Joint Parliamentary sessions which took place in Tenerife and Kinshasa in 2010 as well as of the 21st session in Budapest in May 2011.

## "B" ITEMS

### ITEM 4

#### DECISIONS:

Nothing to report.

### ITEM 5

#### TRADE COOPERATION

##### - **ACP ministerial declarations on specific products**

The Council took note of the ACP declarations on sugar, bananas and cotton (see Annex I).

##### - **Report from the 9th Joint Ministerial Trade Committee**

The Commission provided an oral report from the 9th Joint Ministerial Trade Committee, which was held on 22 October 2010. The Commission reported that ACP states and the EU exchanged views on a broad range of issues affecting the ACP-EU trading regime, at multilateral and bilateral levels, including the impact of agreements with third parties.

The ACP side added that the discussion was very constructive and suggested organising further exchanges on bilateral or global questions that would interest both parties during the next Joint Ministerial Trade Committee meeting, provisionally scheduled for autumn 2011.

The ACP side showed concern over the slow progress in the Doha round negotiations and stated that WTO members should take an ambitious approach if concrete results were to be achieved in 2011. The ACP side called on the EU to keep playing a prominent role in the process.

- **EPAs – state of play and perspectives**

The EU side recalled a number of positive developments in the EPA negotiations, underlining however that, despite certain progress, the EU side was not entirely satisfied with the process. The EU Co-chairman called on all parties to pursue negotiations in an open and constructive way, in order to ensure that EPAs become truly valuable instruments of regional integration and economic development for ACP states.

The Commission recalled that in 2010, the proposed priorities of the EU trade policy were set out in a Communication on Trade, Growth and World Affairs. This communication would be followed in 2011 by a communication on trade and development. In 2011, the Commission also proposed a review of the EU Generalised System of Preferences (GSP).

The Commission informed the ACP side of the good progress in terms of implementation of the Pacific and Caribbean agreements. The Commission added that SADC negotiations presented the best outlook and that it could be feasible to conclude negotiations by the end of 2011.

On the other hand, the Commission expressed its disappointment with other EPA negotiations, stating that there had been little or no progress. The Commission reminded the ACP side that flexibility was necessary on both sides and that development of ACP states should remain the overarching objective. It added that EPAs can be building blocks to broader, inter-regional and continental integration, as they address many relevant issues. The Commission clarified further that sustainable access to European markets can be secured only through signature and ratification of EPAs and that market access under Council Regulation (EC) No 1528/2007 cannot be considered open-ended.

On the topic of the Generalised System of Preferences (GSP), the Commission mentioned that the review of the GSP recognised that the global landscape had changed: some developing countries had become increasingly integrated in the world economy and continued to grow, others had been left behind.

The ACP side noted that progress in negotiations was slow and called on the Commission to be more flexible and attentive to the concerns and interests of the ACP regions. The ACP side expressed reservation on the potential of the EPAs, as proposed by the EU side, to foster development, regional integration and trade cooperation, regarding EPAs as limiting their policy-space and having negative effects on their budgets. Furthermore, the ACP side stated that Least Developed Countries (LDCs) should not be pushed to make commitments that go beyond their capacities, and that their level of development must be taken into account. The concluding of EPAs should therefore not be dictated by the calendar, and the parties should take their time to consider thoroughly the substance that is at stake as well as the needs and priorities of the regions involved. The ACP side invited the EU to allow ACP states having signed an interim EPA to continue to benefit from preferential access to the market and to extend the application of Council Regulation (EC) No 1528/2007 to non-LDC ACP states still engaged in the process, to avoid weakening them and losing the advances made in terms of development.

The ACP side informed the EU that, in collaboration with the African Union, the UN Economic Commission for Africa and other partners, they were elaborating a proposal for a trade preference regime in favour of ACP states that would foster growth of production capacities of ACP states. The ACP side believed that their capacity to develop was hindered if they did not have the capacities needed to produce manufactured goods destined for global export markets. This proposal would be communicated during the G20 summit in France and the ACP side called on the EU to support this proposal.

Addressing the proposed reform of the GSP, the ACP side suggested that the use of GDP per inhabitant as the sole criterion for eligibility to the GSP was questionable. The ACP side stated that as this criterion did not reflect the real situation in a given country and did not take into account their structural constraints nor vulnerabilities to natural disasters, such an approach could lead to an unbalanced situation.

The representative of Mali agreed that EPAs could be a powerful pillar for development, if accompanied by appropriate financial assistance.

The representative of Botswana outlined the progress in the SADC EPA negotiations and recalled the key outstanding issues. He emphasised that the SADC region remained politically committed to a successful conclusion of the negotiations.

The representative of Jamaica acknowledged the slow progress in the implementation of the CARIFORUM EPA and welcomed EU commitments regarding Aid for Trade.

The Commission responded to ACP remarks by stating that there were limits to flexibility, including WTO rules. An extension of Council Regulation (EC) No 1528/2007 to include non-LDC ACP states still engaged in the negotiation process was not possible also for this reason. The Commission underlined that the market access advanced under this regulation was slowing down the ongoing negotiations and concluded the regulation could not be perpetuated. Addressing the calls for additional financial support, the Commission underlined that in 2010 the EU had provided EUR 3.8 billion in Aid for Trade. It stressed that no EU resources beyond 10th EDF funds were currently available. However, recurrent calls for additional financial assistance neglected the positive influence of regional integration, improved governance and institutions, and opportunities for growth, which would be brought about by the EPAs.

In conclusion, the Council took note of the exchange of views on the state of negotiations of the Economic Partnership Agreements and mandated the Joint Ministerial Trade Committee to further discuss these issues at its next meeting.

## ITEM 6

### MIGRATION AND DEVELOPMENT

- **Report from the ACP-EU dialogue on migration and development**
- **Exchange of views on the state of play and the way forward**

The ACP side acknowledged the reinforced cooperation that had been seen during the dialogue on migration and development, which had led to a very positive outcome. It welcomed the plans to involve experts on migration policies, as well as ACP ambassadors, in following up the process.

The EU side recalled the fruitful dialogue launched in Ouagadougou last year, which had presented a unique opportunity to intensify ACP-EU cooperation in the field of migration. The EU side added that it believed that the joint report from the dialogue set out an ambitious but realistic agenda for cooperation in the field of migration for the coming 12 months, and both sides should commit to reaching concrete results to strengthen the operational aspects of the ACP-EU cooperation in the areas of visas, remittances and readmission.

The Commission stated that the dialogue allowed for a comprehensive and balanced exchange among parties on migration and development issues. In the framework of this dialogue, the parties identified a series of issues that would require an in-depth dialogue, notably mobility of skilled persons, legal migration, readmission, visas, smuggling of migrants and trafficking in human beings, migrants' rights and remittances. The Commission believed that the dialogue should thus continue to be deepened on the basis of topics identified, and that it should remain Brussels-based. It recalled that both sides also agreed that the ACP secretariat and European Commission would explore the possibility of mobilising appropriate funding in order to secure the involvement of relevant experts and to facilitate the dialogue as well as to report on the further progress of this dialogue to the joint Council on an annual basis.

In conclusion, the Council adopted the draft report and its recommendations, as set out in document ACP/28/014/11 - ACP-UE 2115/11.

## ITEM 7

### DEVELOPMENT FINANCE COOPERATION

- **Oral Report and follow-up to the meeting of the Development Finance Cooperation Committee (Ministers) (30 May 2011)**

The EU Co-chairman of the ACP-EU Ministerial Development Finance Cooperation Committee (DFCC) presented the report of the meeting, which took place on 30 May 2011.

The Council adopted the report of the ACP-EU Ministerial Development Finance Cooperation Committee (see Annex II) and agreed with the recommendations made by the DFCC to grant a delegation of powers to the ACP-EU Committee of Ambassadors to conduct the performance review of the 10th EDF.

## ITEM 8

### SUDAN AND THE ACP-EU PARTNERSHIP AGREEMENT

- **Exchange of views**
- **Mandate for the ACP-EU Committee of Ambassadors to adopt a Decision regarding possible request from Southern Sudan for accession to the ACP-EU Partnership Agreement**

The ACP side recalled the context of the upcoming independence of South Sudan on 9 July 2011 and expressed concerns over the situation in the Abyei Region. The ACP side added that South Sudan should qualify for LDC status and highlighted the serious lack of infrastructure and the considerable need for financial support in terms of development and capacity-building. It also clarified that the authorities of South Sudan had already expressed interest in joining the ACP Group following the declaration of independence.

The EU side welcomed the timely, peaceful and credible conduct of the Southern Sudan referendum. The EU expressed its hope that this event would create a new era of stability for the whole region, although concerns remained over the Abyei region, adding that any differences between the parties should be resolved in the framework of the Comprehensive Peace Agreement. It further stipulated that the EU and its Member States were scaling up their support for the new state and had just decided to allocate EUR 200 million to Southern Sudan from decommitted funds under the 9th and previous European Development Funds. The EU side deplored the fact that the Republic of Sudan had not ratified the revised Cotonou Agreement and invited the authorities of Sudan to do so.

The representative of Poland expressed concern over the situation in Abyei and voiced its support for the accession of South Sudan to the Cotonou Agreement.

The Commission emphasised that Sudan remained high on the EU agenda and informed the Council that the EU was developing a comprehensive strategy with a view to establishing stability and security as well as improving governance. The Commission stated that rapid accession to the Cotonou Agreement could help to tackle some of the challenges facing South Sudan.

In conclusion, the Council mandated the Committee of Ambassadors to adopt a decision regarding a possible request from South Sudan for accession to the ACP-EU Partnership Agreement.

## **ITEM 9**

### **MDG INITIATIVE AND MID-TERM REVIEWS OF EDF NATIONAL, REGIONAL AND INTRA-ACP PROGRAMMES AND ENVELOPES**

#### **- Exchange of views on the state of play and perspectives**

The EU side recalled that a discussion on the 10th EDF Mid-Term Review (MTR) process took place in the context of the Development Finance Cooperation Committee.

The Commission recalled that the MDG Initiative was composed of two distinct windows: (i) one of EUR 300 million reserved for the 19 "good performer" countries of the 10th EDF MTR, leading to an increase of their A envelope by 20%; (ii) another one of EUR 700 million open to all ACP countries. He also reminded that with the launch on the ground of the MDG Initiative, the 10th EDF MTR of the country strategies and programmes was close to being completed. Taking into account special consideration as the impact of the economic and financial crisis and fragility situation, only three countries would see their allocation reduced.

Concerning the MTR of EDF regional programmes, the Commission underlined that this was a quite complex exercise, involving, besides the Regional Authorising Officers and the EU regional delegations, also the National Authorising Officers and the EU delegations in the concerned countries, as great importance would be attached to the analysis of the complementarity between the national and the regional strategies. The Commission representative stressed that the issues of the rate of commitments/disbursements and the size of the financial envelope should be addressed, or the uncommitted funds at the end of the 10th EDF would be lost. The MTR of the regional programmes, which should answer to the questions of the actual relevance and coherence of the regional strategies, and of efficiency and effectiveness the EU-ACP regional cooperation, has been launched. By 15 September 2011, EU delegations and Regional Authorising Officers will send a joint report, including draft MTR conclusions, which will be examined by the Commission and the EEAS by the end of October 2011.

As regards the MTR of the EDF intra-ACP envelope, the Commission stated that it was about to be launched to assess the financial and qualitative performance of intra-ACP cooperation, to take stock of new needs and decide on the use of funds still available. The results of the MTR will be reported to the ACP-EU Committee of Ambassadors for decision on the overall 10th EDF Intra-ACP envelope.

The ACP side underlined the importance of not letting these reviews be perceived as sanctions and that they should sufficiently integrate the notion of needs and not focus only on financial performance.

In conclusion, the Council agreed to maintain a strong and continuing dialogue between the countries and EU delegations.

## **ITEM 10**

### **DATE AND PLACE OF THE NEXT SESSION OF THE ACP-EU COUNCIL OF MINISTERS**

H.E. Mr Ham Lini VANUAROROA, Deputy Prime Minister of Vanuatu, recalled that representatives of Vanuatu proposed during the 35th session of the ACP-EU Council of Ministers that the 37th session of the ACP-EU Council of Ministers in 2012 be held in Vanuatu.

The Council decided to hold the 37th session of the ACP-EU Council of Ministers in Port Villa, Vanuatu, in 2012, on a date to be agreed by the co-Secretariats.

## **ITEM 11**

### **ANY OTHER BUSINESS**

The representative of France outlined the development agenda of the French Presidency of the G20.

The Council took note of the information provided by the French delegation.

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ACP/63/015/11  
SEDV/VG

ACP STATEMENT ON SUGAR TO THE 36<sup>TH</sup> ACP-EU COUNCIL

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BRUSSELS 31 MAY 2011

Thank you, Co-President, for giving me the floor to make this statement on sugar on behalf of the ACP.

Co-Presidents,

1. The new ACP Ministerial Committee on Sugar held its first meeting on 27 May 2011. This new Committee comprises all ACP States supplying sugar both under the EPAs and the EBA. This arrangement provides a single interlocutor to the EU to discuss issues relating to sugar. Experts from the Commission and the ACP meet regularly to discuss implementation issues. This set-up provides consistency and coherence to our actions. This arrangement has proven its *raison d'être* and it is proposed that it be continued.

Co-Presidents

2. On the post-2013 Common Agricultural Policy, on behalf of the ACP Group, I sent a letter in early May to Commissioner Ciolos conveying its position. The Sugar Ministerial Bureau met the Commissioner last Friday. We broadly support the adoption of specific measures to address income stabilisation of farmers, price volatility, food security, climate change and the greening of the CAP, among others. Besides, we are in favour of the maintenance of the current quota system for sugar. I made a report of the Committee's meeting to the ACP Council on 28<sup>th</sup> May 2011, which adopted a comprehensive resolution on sugar, which, we are submitting to the EU for consideration.
3. The ACP Group, also, support the orientation of the CAP 2020 proposed by the Commission in respect of policy and management tools.
4. In the post-2013 Common Agricultural Policy, we strongly believe that ACP suppliers should be provided with:
  - (i) fair, stable and remunerative EU market prices;
  - (ii) a guarantee and priority of access;
  - (iii) long-term predictability with continued preference assured by adequate border measures and robust mechanisms for market management; and,
  - (iv) a balanced market;

5. This is important for market stability because the ACP suppliers are now an integral part of the EU's Common sugar market organisations.
6. In this context, we welcome the resolution adopted last Wednesday by the European Parliament Committee on Agriculture advocating "that the 2006 sugar market regime be extended at least to 2020 in its existing form" and look forward to its adoption by the EU.
7. As regards the impact of EU's FTAs with third countries, including TRQs on sugar, we were comforted by the assurance given by Commissioner Ciolos that sugar would be treated as sensitive. However, we believe that the FTAs would exacerbate market imbalance and cause price slump. This is why, Co-President, we have serious concerns that such market access could have detrimental effects on the viability of our sugarcane industries and will undermine the provisions/obligations negotiated in the EPAs. It will also be inimical to the EBA suppliers.
8. We believe that the Commission should not base itself on current ACP short-supply to take certain irretrievable market access measures. The ACP sugarcane industries are currently facing poor climatic conditions. Moreover, given its residual nature, price volatility and the speculative nature, the world market sugar prices are currently high but they may fall to normal levels. We therefore believe that mid/long term ACP exports to the EU are likely to pick up. We should not sacrifice long-term stability on the altar of short term expediency.
9. On the other hand, the Commission should also keep some leeway to ascertain whether it will treat sugar as "sensitive" in the WTO or not. We have a common agenda on this and we are prepared to work closely with the EU at the WTO.

Co-President,

10. On the Accompanying Measures Support Programme (AMSP) we would like to reiterate our appreciation to the Commission and to the EU for providing this valuable support to enable the ACP States to adapt to the 36% price cut the full brunt of which we are now experiencing.

11. We note with concern that some countries cannot fully utilize the resources allocated for the 2007-2010 tranche of the AMSP and unused funds for certain years may have been diverted to other sectors or returned to EU Member States. This may be also due to the complex procedures. The Commission Decision C(2007) 1688 of 18 April 2007 requires that all unused funds be reallocated to those ACP countries which can absorb the additional funds. We have the capacity to collectively utilize all the available resources.
12. We submit, therefore, that the Commission ensures that funds are fully used in the context of the EC Financial Perspectives and avoid available resources being forfeited or diverted.
13. We are striving to maintain an economically viable and sustainable sugar cane industry. This requires investments for the ongoing implementation of Multi-Annual Adaptation Strategies. But we have been lately hit hard by the financial crisis and economic down turn as well as the difficulty in the Euro zone, so much so that, our earnings have been significantly reduced. These new challenges were not foreseen nor factored into our adaptation plans and the AMSP.
14. Under these circumstances, there is an imperative need for adequate financial resources to be made available beyond 2013, to continue to support the restructuring and the modernization of the sugarcane industry  
which plays an important multifunctional role in our countries. We are requesting that the EU 2014-2020 Financial Perspectives, under the Heading IV, continues to make provision for the AMSP at least an amount representing the difference between the staggering loss of €1,75 billion arising from the 36% price cut and the provision of € 1,24 billion in the current EU Financial Perspectives. We are thus seeking the support of the EU.

#### Co-Presidents

15. The ACP Sugar Group expects the European Union to fully comply with the binding commitments made in the revised Cotonou Partnership Agreement (CPA) and full/interim Economic Partnership Agreements. In particular, we would like to impress upon the need for the EU to implement the provisions of Articles 23, 34, and 37 of the CPA relating to preference erosion, any unavoidable reduction in tariffs to be phased in over a long period, and the adoption of measures to overcome the negative impact of liberalisation.

Co Presidents,

16. We wish to thank the EU side for the financing of the 13 ACP Sugar Research and Innovation Projects whose implementation has now started. This will hopefully contribute to increase the competitiveness of the ACP sugarcane sector and provides a good basis to foster intra-ACP cooperation.
17. The ACP Group would request that cooperation in the field of research and technology transfer be included in the mid-term review of intra-ACP programming under the 10<sup>th</sup> EDF. This will help to build, on the results of the 13 research projects, the competitiveness of ACP sugarcane industries.
18. This is also in keeping with the dimension of research and innovation being canvassed in the CAP 2020.
19. The ACP Group is organising its 12<sup>th</sup> Special Ministerial Conference on sugar on 24-26 July 2011 in Maputo and would urge the EU to attend.
20. In conclusion, the ACP Sugar supplying States believe that the EU should show coherence in its development, agricultural and trade policies and ascertain that EU funded development initiatives and market access opportunities offered to us are not jeopardized by other measures taken in the trade area, both in FTA schemes or in the WTO, and through the post-2013 CAP reform.
21. We look forward to the continued support of the Joint Council on our ongoing efforts to meet the many challenges to safeguard and maintain viable sugar cane industries, critical for sustainable development and food and livelihood security of thousands of poor farmers and workers who do not have alternative employment and sources of revenue like de-coupled income support to rise over the 36 % price cut.
22. I thank you for your attention.

**ACP/67/020/11**

**SEDV/VG**

**ACP STATEMENT ON COTTON TO THE 36<sup>TH</sup> ACP-EU COUNCIL**

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BRUSSELS, 31 MAY 2011

*Madam Co-President,*

*Mr. Co-President,*

*Honourable Ministers,*

At this 36<sup>th</sup> session of the ACP-EU Joint Council of Ministers, the ACP countries would like to re-affirm the importance of cotton to several of their economies and to call for a redoubling of efforts in support of that sector.

As a matter of fact, this is what justified the establishment in Paris, in July 2004, of the EU-Africa Cotton Partnership. We wish to firmly reiterate our appreciation for the workings of this partnership, which was revived in 2009 with a new framework for action stemming from the jointly-conducted mid-term review, and which called for fresh momentum in the partnership with additional and better-targeted resources.

In this context, we welcome the final agreement reached on 19 May 2011 with the European Commission for the inclusion of a cotton sector support programme of 11 million euros in the 2011 Annual Action Programme for Intra-ACP Cooperation. We would like to urge the Commission and the ACP Secretariat to do everything possible to ensure that this new programme acts as a catalyst to mobilise more substantial resources for developing the cotton sector, notably for more extensive manufacturing of cotton locally.

However, in spite of the efforts undertaken by our countries and the support received from the European Union, we must all admit, unfortunately, that the international market is still unbalanced due to trade-distorting subsidies that certain major economies continue to grant to their cotton producers.

*Madam Co-President,*

*Mr. Co-President,*

We have to admit that we still find it difficult to understand why certain WTO members - the richest among them - refuse to abolish or to substantially reduce the trade-distorting subsidies. Such practices, which run counter to WTO rules, have disastrous effects on our national cotton sectors.

We now intend to undertake new actions targeting the United States, since this is the country which produces the most adverse effects on the global cotton market, to ensure that it takes our concerns into account during the reform of the American Farm Bill in 2012.

As regards the partnership which binds us, we believe that the post-2013 reform of the EU's Common Agricultural Policy (CAP) should be an opportunity for the EU's international obligations to be taken into account in its domestic policy instruments. In that regard, we remain convinced that the European Union will be able to find the instruments and the appropriate procedure to move towards a 100% decoupling of the internal support granted to European cotton growers and still manage to comply with the commitments made to the Members States concerned.

We truly believe that this is an opportunity for us to implement the elements of the Doha mandate concerning the expeditious, ambitious and specific treatment of cotton.

A 100% decoupling of internal supports to European cotton growers will help to ensure an ambitious treatment for cotton since the average for the decoupling of supports in the agricultural sector stands at around 90%.

In order to find a swift solution to the cotton dossier, we propose that while continuing to insist on obtaining the support of the WTO members to ensure that cotton is given appropriate attention in a bid to rapidly conclude the Doha Round, we should call on the European Union to support the ACP Group in appealing to the WTO members to consider an autonomous solution for cotton and to be able to honour the Hong Kong mandate, regardless of the progress made in the Doha Round negotiations.

*Thank you for your attention.*

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**ACP/67/021/11**

**SEDT/VG**

**ACP STATEMENT ON BANANAS TO THE 36<sup>TH</sup> ACP-EU COUNCIL**

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DELIVERED BY SENATOR THE HONOURABLE MARLENE MALAHOO FORTE,

MINISTER OF STATE OF JAMAICA

BRUSSELS, 31 MAY 2011

Co-Presidents,  
Honourable Ministers,

At the 35th session of the ACP-EU Joint Council held in Ouagadougou in June last year, ACP banana producing States expressed concern about a potential delay in the setting up the Banana Accompanying Measures even as the discussions were being launched at the level of the EU Council and the European Parliament. Consequently, we requested the European Union to ensure that irrespective of the outcome of the discussions at the level of the European Parliament, there would not be any hindrance to the implementation of the BAM. The ACP Group is the only party to have suffered losses in the December 2009 package and we were therefore relying on the BAM, which is as an integral part of that package, to alleviate the losses to the Banana sector.

The ACP Group has fulfilled all its commitments under the Geneva Agreement on Trade in Bananas. While we are aware of the efforts, including the ongoing tripartite discussion among the European Commission, the European Parliament and the Council of the European Union to address the issue, we are, deeply dismayed that a year later the BAM has still not been implemented, due to protracted differences between the EU institutions on procedural issues.

Co-Presidents,

In the interim, the livelihood and well-being of thousands of persons who are dependent on the banana industry in African and Caribbean states are being severely affected. The ACP Group therefore further appeals to the European Union, to set aside considerations which are not directly related to the substance of the BAM, in order to ensure that the BAM is approved without delay.

In view of the already long delay, the Group also invites the European Union, to consider a rapid disbursement of the first tranche of the BAM of €75 million which was agreed, with easy access and implementation modalities and to take into account the necessary institutional timeline and procedures as it prepares for the next tranches.

It should also be noted that, given the stringent disbursement requirements, ACP Banana producing States are not likely to be able to fully absorb the funds by 2013, even if they were approved immediately. The ACP Group therefore calls upon the European Commission to fully honour the four (4) year implementation period for the BAM, regardless of the commencement date.

Co-Presidents,

Even as ACP banana producing countries await the implementation of the BAM they have had to contend with the negative impact of the very generous tariff concessions granted by the EU in the various FTAs concluded with some Latin American countries for trade in Bananas.

In view of the challenges that have arisen from the delay in the BAM and the consequences of the FTAs with third countries, the ACP Group requests the European Commission, the Council and the Parliament to make provisions for additional financial resources to support the Banana sector in ACP States in the framework of the next multi-annual financial framework post-2013.

We also firmly believe Co-Chairs that an early review of the support to the Banana sector in ACP states is warranted, before the deadline envisaged in the BAM, in view of the fact that the extensive concessions made to MFN countries in FTAs have significantly modified the delicate balance reached between the Geneva Agreement on Trade in Bananas and the context in which the current BAM was agreed.

You will appreciate Co-Chairs that only these concrete measures will help us explain to our citizens that the decision to become party to the Geneva Agreement on Trade in Bananas in 2009, and the trust that we placed in our EU partners to honour their commitment to the Banana Accompanying Measures, was not in fact misplaced.

I thank you.

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**ITEM 7**

**ORAL REPORT  
ON THE OUTCOME OF THE 20<sup>th</sup> MEETING  
OF THE DEVELOPMENT FINANCE COOPERATION COMMITTEE  
MINISTERS  
HELD IN BRUSSELS, 30 MAY 2011**

**(Presented to the ACP-EU Council of Ministers  
Brussels, 31 May 2011)**

**Ms President,**

It is my task to present to you a summary of the results of the 20th meeting of the ACP-EU Development Finance Cooperation Committee, which took place in Brussels at Ministerial level on 30 May 2011.

Regarding the main questions, the outcome of the meeting can be summarised as follows:

**a) Report on the 26th meeting of DFC Committee (Authorised Members)**

First of all, the Committee took note of the Report of the 26th meeting of the ACP-EU Development Finance Cooperation Committee, which took place in Brussels at Authorised Representatives level on 6 May 2011. The report was presented by the EU side on behalf of both Parties.

**b) Reports on 10th EDF Mid-term reviews and on the Investment Facility**

Most of the meeting was devoted to a wide exchange of views on the state of play of the main review exercises under the 10th EDF, including a state of play on the Flex mechanism, and on the Investment Facility. In this respect, the Committee took note of the reports presented by the Commission, and by the European Investment Bank concerning the Investment Facility.

Let me quickly go through each of these reports starting from:

**- *the state of implementation of the FLEX mechanism:***

On this item the Commission informed the Committee that it had finalised the statistical analysis of the data submitted for the FLEX exercise, and that the decision procedure had been launched. This year 17 countries are eligible, for a total amount representing almost ten times the amount available for FLEX annually (100 Million €).

The Commission indicated that, in parallel, and in line with the revised wording of Articles 60 and 68 of Cotonou, it had launched a study on shock absorbing schemes, to analyse possible options for a future exogenous shocks mechanism. A large consultation meeting with representatives from the ACP countries, Member States and experts from NGOs, academia, World Bank and IMF took place on 16 May to discuss the preliminary results of the study, as well as next steps.

The Commission also informed that it would revert to the ACPs regarding the final results of the study.

The Committee took note of the state of play of the implementation of the FLEX.

It recommends that the FLEX and any other financial support of that kind be implemented more flexibly to take account of the particular context in each country;

It recommends that the study in progress on a financial compensation mechanism adopt a broader approach in order to respond to the effects of exogenous shocks in the ACP countries.

- ***Concerning the implementation of the 10th EDF***

The Commission informed the Committee that at the end of 2010, global commitments had reached a level of 10 555 million €, representing roughly 50% of the total 10th EDF. An average of 3 512 million € in global commitments per year would therefore be necessary to commit the entire remaining balance by the end of 2013, after which no further commitments will be possible. The Commission added that disbursements continued to register an upward trend, with the level of payments approaching the level of commitments.

The Committee took note of the progress report on the implementation of the 10th EDF.

- ***Regarding the Mid-Term Review of the national cooperation including the MDG Initiative,***

The EEAS informed the Committee on the state of play of the National Mid-Term Review and stressed how this exercise enabled us to identify the challenges for the next cycle, as well as the importance of the inter-linkages between national and regional cooperation.

The Commission reminded that with the launch on the ground of the MDG Initiative, the 10th EDF Mid-Term Review of the country strategies and programmes is close to its finalization. 19 countries are "rewarded" for their past good performance with an increase of 20% of their A envelope and only 3 will see their allocation reduced, taking into account the impact of the economic and financial crisis and fragility situations.

The Commission underlined that the 10<sup>th</sup> EDF Mid-Term Review of the country strategies and programmes showed that most ACP countries are still lagging behind in their path to reach the MDGs. This is why the Commissioner has decided to devote parts of unallocated funds to support ACP countries in their own efforts towards the attainment of the most off-track MDGs.

The ACP side drew the Committee's attention on the importance of a constant dialogue between partner countries and EU Delegations, in order to share the responsibilities and enhance ownership, ensure a better balance between needs and performance, and avoid the that such reviews be perceived as sanctions.

The ACP side underlined the importance of integrating the notion of needs in the reports and not to focus only on financial performances.

The Committee took note of the information provided by the Commission and the EEAS in their report, and of the observations and recommendations made by the ACP side.

- ***On the Mid-Term Review of the Regional Cooperation***

The EEAS reminded ACP States that for the past 20 years the EU has been a staunch supporter of the regional integration process in the ACP and that the financial envelope devoted to regional cooperation has doubled from the 9th to the 10th EDF.

The EEAS underlined the importance and usefulness of the Mid-Term Review of the Regional Cooperation, which will be a quite complex exercise. The EEAS insisted on involving, beyond the Regional Authorizing officers and the EU regional Delegations, the National Authorizing officers and EU Delegations in the countries of the regions concerned, as great importance should be placed to the analysis of the inter-linkages between national and regional strategies.

The EEAS suggested that, in the light of the joint examination of the situation in each region, Parties will have to consider three options: (i) the strategy and the Regional Indicative Programme are still relevant and just need to be implemented; (ii) the strategy is still relevant but the Regional Indicative Programme has to be adjusted to improve implementation; (iii) the strategy and the Regional Indicative Programme have to be revisited.

The EEAS announced that EEAS and DEVCO services have drafted guidelines for the Mid-Term Review exercise which were sent early May to EU Delegations. Delegations and Regional Authorizing officers will send a Joint Report and draft Mid-Term Review conclusions by 15 September 2011. The Commission informed ACP partners that they, along with EU Member States, would be duly and timely informed and consulted all along the Mid-Term Review process.

The ACP side on this subject suggested that a consultation be launched among ACP Regional Organisations based on the Commission guidelines so as to allow them to send their comments before the exercise begins. The ACP side also requested that urgent measures be taken, in consultation with the Commission, to ensure a better use of the regional funds.

The ACP side noted that the Commission has accelerated the regional process and encouraged them not to take any measures that may have a negative impact on EPA negotiations. The ACP side invited the Commission to present a report that would then be discussed in due time at the ACP-EU DFC Committee.

The Committee took note of the EEAS presentation, and of the concerns expressed by the ACP side.

- *The last report regarded the Investment Facility*

On this point the EIB provided the Committee with an overview of the Bank's activities and operations in 2010, indicating that 972 million € were committed for 23 ACP projects and 2 OCT projects. The Bank underlined that it maintained its focus on private sector investments as well as on regional integration.

Overall, at the end of 2010, the Bank had approved financing proposals totalling over 3.3 billion € under the Investment Facility and 2.6 billion € under its Own Resources. For the future, the EIB will continue to focus on infrastructure and financial sector growth.

The Mid-Term Evaluation of the Investment Facility carried out in 2010 concluded that the Bank has fulfilled its mandate and offers a clear value added, due to its high risk-bearing capacity. The Report recommends to enhance synergies with the Commission, to improve the non-financial monitoring of the projects, as well as to increase the visibility of the EIB's operations in the ACP region.

The main results of the Investment Facility Mid-Term Evaluation together with the Recommendations for improving the instrument were also presented.

The Committee took note of the presentation of the EIB.

### **c) Review of Performances under the 10<sup>th</sup> EDF**

Both ACP and EU sides recalled that the Cotonou Agreement foresees a performance review of the 10th EDF to be undertaken jointly by the EU and the ACP, on the basis of a proposal prepared by the Commission.

The Commission reminded the ACP side that the overall objective of the upcoming Performance Review Staff Working Paper was to provide a basis for discussions on the future of the EU-ACP cooperation, and that this paper will propose (i) a synthetic summary of the 10th EDF programming, activities and results, (ii) an examination of the added value of the 10th EDF in its main areas, (iii) and to present financial performances.

Considering that the overall objective of the upcoming Performance Review Staff Working Paper is to provide a basis for discussions on the future of EU-ACP cooperation and to ensure the best articulation with our main policy initiatives, the Committee agreed to have an in-depth substantial discussion in the ACP-EU Committee of Ambassadors, in the near future. The Committee has, therefore, decided to make a recommendation to the ACP-EU Council of 31 May 2011 to provide a delegation of power to the ACP-EU Committee of Ambassadors to carry out such discussion.

### **d) DFC Programme of Work for 2011-2012**

Finally, the Committee adopted its programme of work for the period 2011-2012, including the addition of an item referring to a discussion on the next financial framework.

In this respect, the Commission clarified that Item 1 (Multi-annual Financial Framework post 2013) would consist mainly in an exchange of information. Regarding Item 3 (Vulnerability FLEX) it underlined that discussions should focus on the reform of the FLEX scheme.

**Ms President,**

This concludes the Report I have had the honour and the pleasure of presenting to you on the 20th meeting of the Development Finance Cooperation Committee.

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