

ACP-EU COTONOU AGREEMENT

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

**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 19 October 2015

ACP/61/076/15

ACP-UE 2120/15

DRAFT MINUTES

of: 13th meeting of the Joint ACP-EU Ministerial Trade Committee
on: 26 June 2015
in: European Commission, Charlemagne Building, Alcide de Gasperi Room,
Rue de la Loi 170, 1040 Brussels

Subject: Draft Minutes of the 13th meeting of the Joint ACP-EU Ministerial Trade
Committee

The Joint ACP-EU Ministerial Trade Committee held its 13th meeting in Brussels on 26 June 2015 under the chairmanship of H.E. Mr Marc Yombouno, Trade Minister of the Republic of Guinea.

The meeting was co-chaired for the European Union by Ms Cecilia Malmström, Commissioner for Trade.

1. Adoption of the agenda

The provisional agenda was adopted as set out in document [ACP/61/017/15 REV.2 - ACP-UE 2116/15].

2. Approval of the minutes of the Joint Ministerial Trade Committee held on 11 October 2013

The Committee approved the minutes of the 12th meeting of the Joint ACP-EU Ministerial Trade Committee as set out in document [ACP/61/005/14 - ACP-UE 2107/14].

3. ACP-EU Economic Partnership Agreements: status and future perspectives

Commissioner Malmström started with an overview of the progress made in negotiating and implementing agreements with the seven ACP regions.

The Commissioner recalled that there was an EPA in each of the five regions of Africa that have been negotiating EPAs with the EU. Two of them were being implemented, the first being Madagascar, Mauritius, Seychelles and Zimbabwe from the Eastern and Southern African (ESA) EPA group. Concerning the broader region of 11 countries in Eastern and Southern Africa, the Commissioner called for market access offers to make it possible to progress with the negotiations on the full EPA.

The second implemented EPA was Cameroon from Central Africa, with the institutional framework in the process of being set up.

Negotiations were concluded with West Africa, the SADC EPA Group (Southern African Development Community) and the East African Community (EAC). The signature and ratification process for these agreements was expected to be completed in 2016.

The CARIFORUM-EU EPA had been in application since the end of 2008 and a first five-yearly review of the implementation was in progress.

Moving on to the Pacific region, Commissioner Malmström was pleased by the successful application of Papua New Guinea and by Fiji's joining the agreement. With regard to the regional negotiations with the Pacific, she recalled the major stumbling block of the sustainable management of fisheries, which the region was in the process of reviewing. With that in mind, she had earlier proposed pausing the negotiations until that review was over, and she was still waiting for a reply to her proposal.

Following the geographic overviews of the EPAs, the Commissioner made a general comment, stating that the EPA process was gradually moving from negotiations to implementation. Where circumstances did not favour a regional deal, the existing EPAs were open for accession by other countries.

The Commissioner advocated rapid ratification of the agreements to avert possible third-country challenges.

Finally, Commissioner Malmström indicated readiness to listen to suggestions for measures to improve the impact of the EPAs if necessary.

Co-Chair and Minister of Trade of the Republic of Guinea H.E. Mr Marc Yombouno emphasised the role of the EPAs as a development instrument. The EPAs should incorporate provisions to assist ACP states in building competitiveness, address supply-side and trade-related infrastructure constraints, reinforce export capacities and facilitate the smooth and gradual integration of the ACP states into the world economy.

Minister Yombouno called for the EU to work together with the ACPs to identify additional sources of financing to make possible the structural transformation of the signatory states' economies. The negotiation and implementation of the EPAs should be based on principles that included variable geometry, focusing on special and differential treatment and recognising the specific challenges facing the ACP countries.

Minister Yombouno acknowledged the progress made with the EPA process but noted that contentious issues in the regions where the negotiations were not finished mainly concerned Market Access offers, transition periods, non-execution clauses and development provisions.

The Minister called on the EU to take into account the efforts made at interregional and continental level so that the EPAs do not weaken the regional integration process in Africa.

Minister Yombouno mentioned the publication by the Commission, on 17 June 2015, of the list of non-cooperative tax jurisdictions and called for the EU to withdraw this list, suggesting that both parties continue working together in the framework of the OECD.

The representative of Seychelles questioned whether negotiations on a full regional EPA could be pursued with the current four EPA countries, and expressed disappointment at the publication of the list of third-country non-cooperative tax jurisdictions.

The representative of Cameroon emphasised the need to ensure popular support for the EPA.

The representative of Mauritius intervened on the list of third-country non-cooperative tax jurisdictions.

The representative of Fiji called for the EU to commit itself to pursuing regional negotiations and re-engaging constructively at ministerial level in the coming weeks.

The representative of Solomon Islands reaffirmed commitment to the EPA and stated that the dialogue on sustainable development of fisheries resources could be done at multilateral level.

The representatives of Barbados and Saint Lucia mentioned an unfair and untruthful tax havens list.

Minister Yombouno added that the EPA negotiations should bear in mind the impact they have on the signatories' economies and the EU should not establish deadlines. The Minister also called for EPA meetings at ministerial level between the EU and the Pacific as well as the EU and Central Africa.

The Commission affirmed its readiness to negotiate with the Pacific once the review was over, called for joint reflection on how to improve communication on the EPAs, and explained the background of the tax list being a compilation of indications received from Member States which did not have the same criteria as the OECD list.

4. ACP-EU trade regime issues

(i) EU negotiations with third parties (Transatlantic Trade and Investment Partnership (TTIP), Comprehensive Trade and Economic Agreement (CETA), Trade in Services Agreement (TiSA))

Commissioner Malmström presented an overview of TTIP, CETA and TiSA. With regard to TTIP, the Commissioner stated that it would not raise barriers against any countries. Concerns on regulatory issues were unfounded as the aim was to promote regulatory compatibility between the US and the EU. A low impact on trade diversion was expected as none of the top ten products exported to the EU by any of the LDCs or the African countries were common to the top ten American exports entering Europe.

Turning to CETA, the impact assessment carried out showed that developing countries should not face a negative impact due to CETA for similar reasons as the TTIP. The CETA was currently in the phase of legal scrubbing.

Concerning TiSA, the Commissioner stated that this plurilateral agreement could be beneficial for all as it entailed inter alia a strong "mode 4" component (presence of natural persons). The Commissioner welcomed the interest of Mauritius to join and hoped for more ACP countries' applications.

Minister Yombouo commented on feared preference erosions and the difficulties for ACP producers of progressing in the value chain in light of the competition from well-established suppliers. Negotiations conducted by the EU with big economies such as Japan and the US raised concerns about the commitment of the EU in favour of the multilateral system. The Minister also conveyed fears of a dual trading system.

(ii) Non-tariff measures

Minister Yombouno recalled that certain EU practices and norms had repercussions for trade relations between the ACP countries and the EU. He mentioned Rules of Origin, SPS measures and the upcoming system of registered exporters (REX).

The South African representative raised the SPS measures with respect to Citrus Black Spot (CBS) as an example of a non-tariff measure having a negative impact on exports to the EU, and the Seychelles raised food standards issues affecting swordfish exports to the EU.

Commissioner Malmström commented that measures taken were based on science and were not protectionist. On the swordfish issue in particular, the EU followed the decisions taken by the Codex Alimentarius. The Commissioner emphasised the purpose of the EU's SPS measures, the role of dialogue and Aid-for-Trade in helping ACP countries comply with EU standards.

Commissioner Malmström took the opportunity to congratulate the ACP for the Joint Undertaking on Administrative Cooperation Agreements (ACA), which will facilitate cumulation of origin for all ACP countries concerned.

(iii) Commodities

Minister Yombouno's intervention focused on the ACP states' new approach to commodities. This approach aimed to bring about sustainable solutions to the main challenges facing the sectors concerned, including the development of value chains, the promotion of intra-regional trade, addressing food security, creating permanent employment and reducing poverty, in particular poverty among women.

The Minister stated that this initiative covered not only those traditional commodities but also products such as cashew nuts, kava, cotton, tobacco, fish, etc.

The representative of Saint Lucia made a plea for financial and technical support.

Commissioner Malmström welcomed this new initiative of the ACP group and expressed the Commission's interest in cooperating.

5. Post-2015 agenda

Commissioner Malmström commented that trade policy was an important component of the Post-2015 Development Agenda, mainly as a 'means of implementation' to reach the Sustainable Development Goals (SDGs). She stated that the EU was seeking for an ambitious agenda with the following core principles to come out of the Addis Conference: trade being a key factor for sustainable development; commitment to the Doha Development Agenda (DDA) and the implementation of the Bali Package; each country to bear responsibility for realising the potential of trade for inclusive growth and sustainable development through ownership and sound domestic policies; the need to support LDCs with increased market access and Aid for Trade.

The Commissioner stressed that the Addis Conference needed to recognise the new paradigm of the global economy, prioritising LDCs and recognising the responsibility of upper middle-income countries to join efforts to support LDCs with duty-free and quota-free access for all LDC products.

Commissioner Malmström emphasised the need to make trade work for sustainable development, through the labour and environmental dimensions for instance. She also stressed the need to maximise the potential of regional and inter-regional trade agreements to support wider trade integration and access to regional and global value chains.

Minister Yombouno recalled that integration into the world trade system remained a major challenge for the ACP states and pleaded for policy coherence and improvement of Aid-for-Trade from the EU side.

6. WTO issues

(a) 5th Global Review on Aid for Trade

Minister Yombouno introduced the point by highlighting the fact that the Global Review was the occasion to reflect on how sustainable and inclusive growth could be promoted by adopting measures aiming at reducing trading costs. The Minister advocated for the mobilisation of adequate financial resources and for the EU to raise its contributions to the fund created in the framework of the Trade Facilitation Agreement.

Commissioner Malmström reiterated that the EU was the primary provider of Aid for Trade, with the latest figures, those for 2013, showing EUR 11.7 billion in commitments. The Global Review of Aid for Trade was valued by the EU, as it was essential to work with all stakeholders, including recipients, other donors, international organisations and civil society in order to share best practices and increase aid effectiveness. The Commissioner added that the quantitative targets established in the EU joint Aid for Trade Strategy adopted in 2007 had long since been reached and would be reviewed in 2016. To that end, the opportunity would be taken to discuss priorities and concerns regarding the future of Aid for Trade with stakeholders.

(b) Preparation for the 10th WTO Ministerial Conference

Minister Yombouno highlighted that the ACP Group submitted a proposal on 12 March 2015 to favour the conclusion of the DDA by addressing the blockages constituted by agriculture, NAMA and services. The document placed emphasis on differentiation, fishing subsidies and convergence of EU and ACP on TRIPS. The Minister invited the EU to examine the ACP Communication and to react constructively in the context of the implementation of the Bali package and in view of the 10th Ministerial Conference.

The representative of Kenya updated the Committee on the preparations for the Conference and renewed the offer to have a 'common ACP-EU position'. He noted that the 79 ACP states plus the 28 EU Member States sufficed to get to the 107 countries, needed for ratification of the Trade Facilitation Agreement (TFA). ACP priorities were agriculture and development aspects.

The representative of Barbados detailed the ACP priorities in inter alia agriculture, non-agricultural market access negotiations (NAMA), services, special safeguard mechanisms, outcomes on development, etc.

Commissioner Malmström reiterated the importance for the EU of concluding the DDA. The key was to set realistic objectives and to keep in mind that the DDA should not be viewed as an end in itself but as another step in the process of trade liberalisation. She added that agriculture was a central element that would define the level of ambition of all other issues. Development and in particular support to LDCs would also be a central theme for the EU.

7. Trade capacity building programme

The Committee was updated by the Commission on the EU's Aid for Trade programmes concerning the ACP. The main ongoing intra-ACP trade-related programmes were Technical Barriers to Trade (TBT), Hub and Spokes II, TradeCOM II and support to the Enhanced Integrated Framework. These programmes were under evaluation on how Aid for Trade could be designed in a more effective way. Results were expected by September 2015. Beyond the trade-specific programmes, the ACP Secretariat and the European Commission were implementing an important portfolio (over EUR 200 million) involving programmes with a trade link – Agriculture & Fisheries, such as the Pesticides Initiative Programme (PIP), Quality and Conformity of Fruit and Vegetables phase 2 (PIP2), the Contribution to the Standard and Trade Development Facility (STDF), the Strengthening Food Safety Systems through SPS measures in ACP countries (EDES Programme), the Intra-ACP Agriculture Policy Programme with focus on the Caribbean and the Pacific, the Consolidation of the Action Framework for the EU-Africa Partnership on Cotton, the Technical Centre for Agricultural and Rural Cooperation (CTA) and a specific programme on commodities for small producers in the ACP.

Following a detailed complementarity assessment of interventions funded through national, regional, and intra-ACP EDF envelopes, future trade-related assistance with funding from the 11th EDF was to go via regional indicative programmes rather than the intra-ACP programme. Two trade-related technical assistance programmes were now fully operational, the TBT Programme (EUR 15 million) and the Hub & Spokes II Programme (EUR 12 million). The TradeCOM II (EUR 39.8 million) would be fully rolled out by November 2015. The Multilateral Trading System (MTS) was being audited and evaluated, while the Enhanced Integrated Framework (EIF) was still being implemented.

Minister Yombouno valued the assistance provided to the ACP states and encouraged the Commission to carry on with the implementation of these programmes and to make use of ACP consultants for the implementation of the projects.

8. Any other business

No issues were raised under this item.