

ACP-EU COTONOU AGREEMENT

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

**COUNCIL OF
THE EUROPEAN UNION**

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DRAFT MINUTES

from: 15th meeting of the Joint ACP-EU Ministerial Trade Committee
on: 20 October 2017
in: Albert Borschette Congress Centre (CCAB), Room 0A, Rue Froissart 36,
1040 Brussels

Subject: Draft minutes of the 15th meeting of the Joint ACP-EU Ministerial Trade
Committee

The Joint ACP-EU Ministerial Trade Committee held its 15th meeting in Brussels on 20 October 2017 under the chairmanship of Ms Cecilia Malmström, EU Commissioner for Trade.

The meeting was co-chaired by Mr Carl B. Greenidge, Vice-President and Minister of Foreign Affairs of the Cooperative Republic of Guyana.

1. Adoption of the agenda

The provisional agenda was adopted as set out in document [ACP/61/034/17 Rev 2 – ACP-UE 2114/17].

**2. Approval of the draft minutes of the Joint Ministerial Trade Committee held on
9 December 2016 and consideration of matters arising**

The Committee approved the minutes of the 14th meeting of the Joint ACP-EU Ministerial Trade Committee as set out in document [ACP/61/022/17 - ACP-UE 2108/17].

3. Preliminary exchange of views on ACP-EU trade relations post-2020

Commissioner Malmström invited Ministers to give their views.

The ACP Co-Chair, Minister Greenidge opened the discussions by stating that, with the Cotonou Partnership Agreement due to end in 2020, ACP States had been reflecting on the post-2020 framework that would govern the ACP-EU relations, and had identified three pillars of its future mandate, one of which addressed trade, investment, industrialisation and services. There were currently five trade regimes, namely Economic Partnership Agreements (EPAs), the Generalised Scheme of Preferences (GSP) – comprising the Everything But Arms (EBA) arrangement for LDCs, the standard GSP and the GSP+ – and the Most Favoured Nation (MFN) status, compared with only one trade regime at the start of the implementation of the Cotonou Agreement. Minister Greenidge noted that it was necessary to work together to ensure that this situation did not work against the regional integration agenda.

In addition, under the Agenda 2030 for Sustainable Development Goals and the Addis Ababa Action Agenda, a number of trade-related goal-specific means of implementation had been listed, and this was another area of future cooperation and collaboration. The Minister expressed the belief that trade issues, which had been an integral part of the ACP-EU partnership, would remain so in the future, even if specific dimensions of tariff and non-tariff arrangements had now been defined at regional level in the EPAs. The Minister stressed that the ACP and the EU needed to maintain trade relations and cooperation at overall ACP-EU level despite the EPAs, as within the ACP Group various EPAs had either a national or a regional character. There was a need for a framework that would allow common discourse on global and multilateral trade issues. The ACP had the numbers and outreach giving them potential leverage to participate in and contribute more effectively to global governance. Working in concert with the EU on areas of common concern, the ACP-EU Partnership could be a force for good in the multilateral fora.

Commissioner Malmström thanked the ACP Co-Chair for the views he had shared, and noted that the process to define the future framework for relations had been going on for quite a while on both sides and that this meeting was a good opportunity to touch upon it even if the positions were still maturing and evolving. The Commissioner further noted that the ACP-EU trade partnership had a long and solid history, which should also be nurtured in the future. When the Cotonou Agreement had been negotiated, the situation had been very different from today. The EU specific trade regime for the ACP had, however, not delivered the expected export growth and diversification. Moreover, it was non-compliant with the WTO rules on non-discrimination. This was why the ACP and the EU had decided to negotiate reciprocal but asymmetric EPAs to keep the trade partnership evolving, while respecting multilateral rules. When the EU started its internal reflection on post-Cotonou, it looked at how trade relations had evolved since 2000 when the Cotonou Agreement was signed. Significantly, the ACP market share in the EU had more than doubled, from less than 2 % to 5.4 %, meaning that the ACP had been able to increase their share against an important surge in the EU's trade with China, which had caused many other trading partners, including the US, to lose significant market share in the EU. This was quite an achievement, together with the good delivery on the EPA promise. She recalled that the EPAs should remain the cornerstone of ACP-EU trade relations, although this was not only about EPAs. Some ACP countries might not wish to enter into a trade partnership with the EU but would prefer the unilateral GSP with the EBA arrangement for least developed countries (LDCs); this was their sovereign decision. The EU's unilateral schemes would remain available on the same terms as for other developing countries; new trade policy instruments would not be forthcoming.

The Commissioner stated that there were also other forms of cooperation under the Cotonou Agreement that could be strengthened, such as development strategies and dialogues in trade in services and other trade-related areas, especially trade and sustainable development, product standards and technical barriers to trade, amongst others. Aid for Trade would be an integral part of cooperation, whatever form it might take; however, there were still huge challenges ahead. At global level, the ACP States were on average significantly less diversified than other developing countries, and regional trade within the ACPs had not increased as fast as ACP trade with the rest of the world. The root causes of these deficiencies would need to be addressed.

Ms Malmström emphasised that the world was different from 20 years ago: globalisation and the emergence of global value chains meant that it was more necessary than ever to address trade and development issues in a holistic manner, with the focus on creating the right conditions for investment and trade growth to boost job creation and industrialisation. Continuity and certainty were needed in trade relations, not radical changes.

The Commissioner lastly highlighted the trade and development nature of the ACP-EU partnership and the continuous key role of development cooperation in trade relations, and said that she was looking forward to the Commission's discussions on the negotiating directives with the EU Member States.

4. ACP-EU Economic Partnership Agreements: state of play and future perspectives

The Commissioner recalled that the focus of the EPA process had shifted firmly from negotiation to implementation, and highlighted some of the many aspects of and prospects for implementation. Currently, EPAs were being implemented by 28 ACP countries, another 21 countries had concluded negotiations, and some other countries had expressed interest in joining.

The Commissioner noted the progress in implementing EPAs in the Caribbean and the Pacific. In Africa, EPAs were being implemented in the Eastern and Southern African (**ESA**) sub-region, the Southern African Development Community (**SADC**) EPA region, in Cameroon in **Central Africa**, and in Ghana and Côte d'Ivoire, with the latter two still in a start-up phase. She then noted that in the Eastern and Southern African (**ESA**) sub-region, the EPA Committee had met earlier that month to discuss implementation issues, and in this context both sides were looking at possibilities to 'deepen' the existing EPA in line with the 'rendez-vous clause' in that agreement. Ms Malmström also acknowledged and welcomed the signature of the EPA by Comoros, which could now join the existing EPA following the necessary ratification procedures.

She further informed the meeting that in the **SADC** EPA region, several important implementation issues had been discussed between both sides. The EU had made proposals on EPA monitoring and civil society involvement. Earlier in the week, the Commissioner had been in South Africa for meetings to mark one year of EPA implementation and 10 years of EU-South Africa strategic partnership with the SADC and had also met with SADC civil society representatives. Mozambique had ratified the Agreement in April 2017 and the Commission was looking forward to its full participation in the agreement.

Ms Malmström informed the meeting that EPA implementation was progressing with **Cameroon**, and that both sides were close to finalising negotiations on a 'rules of origin' protocol. If all went well, the existing EPA would soon have such a protocol, hopefully by the time the EPA Committee held its third meeting in December. Cameroon was also working on a National EPA Implementation Plan.

The Commissioner further noted that **Côte d'Ivoire and Ghana** were also working on EPA support strategies and information for local producers and other stakeholders. Côte d'Ivoire and the EU had held their first EPA Committee meeting earlier that year, and the Ghana-EU EPA Committee was also due to meet in the coming months.

The **Caribbean** region and the EU were looking forward to their third EPA Council meeting, which the Commissioner would co-chair in November. By the end of 2018, EPA implementation would have reached its 10-year point. The Commissioner pointed out that at this stage of partnership there was a need not only to take stock of what had been done, but also to identify areas for deeper cooperation where real benefits could be achieved for stakeholders. She gave as an example the work on adding geographical indications to the partnership, to the benefit of both sides. Another example was achieving progress on cultural cooperation and services related to tourism.

In the **Pacific**, the Commissioner hoped that the partnership could soon be extended to two additional countries: Samoa and the Solomon Islands. Papua New Guinea, Fiji and the EU had already welcomed them as observers to the Pacific EPA Committee meeting the previous day.

Ms Malmström underlined that EPA implementation had distinct regional specificities but there were also some common strands. One was the need to **monitor EPA implementation** and, increasingly, the effects and impact of implementation. Logically, there was a role for **non-state actors or civil society** in this, fully in line with the joint objective of the EU and the ACP of achieving sustainable development and in keeping with the role that the Cotonou Agreement reserved for non-state actors.

The Commissioner noted that this included **business**, as it was indeed business that would play an important role in making EPAs work. In order to do so, it needed information and capacity. Information was a key commodity which EPA partners had to produce in abundance on both sides. As for capacity-building, she stressed that this was needed not just by businesses but also by administrations. The EU was continuing to provide such support, which would be further elaborated later in the meeting by the Commission (DEVCO).

The partners also had a significant contribution to make, by enacting the necessary **reforms** to improve the business climate and by working on regional integration and addressing barriers to trade. She reiterated her awareness of the existing good examples in this respect, and stressed that best practices should be shared so that maximum benefit could be reaped from the partnership.

Ms Malmström pointed out that the work with most of the EPA partners on **National EPA Implementation Plans** was a practical step that could be taken on the government side to make sure development assistance and other forms of cooperation were well targeted. These plans were aimed at identifying and addressing key constraints to economic growth and private sector development, as well as targeted support possibilities for the necessary reforms for a smooth and effective implementation of the agreements.

The Commissioner asked the ACP side to make its views known on the current state of the various EPAs and on how to move forward.

The ACP Co-Chair thanked the Commissioner for the update regarding the status and future prospects of the EPAs, reminded the meeting that the primary objective of these agreements was to serve as instruments for development that strengthen regional integration and improve the business environment, and called for the joint pursuit of those objectives in the EPA process.

In this connection, Minister Greenidge said that development support measures for EPA implementation required truly dedicated envelopes with additional financial resources in order to tackle the implementation challenges. These should be agreed by the two parties through amicable solutions geared towards the development of the ACP States. The Minister pointed out that it had been agreed that lessons learnt from the implementation and reviews of long-standing EPAs would be used to guide the remaining negotiations and implementation of all EPAs, and noted in this regard that the implementation of the interim EPAs had led to integration programmes being disrupted rather than regional integration being strengthened. The Minister appealed to the EU not to compound the cohesion and regional integration problems engendered by the EPA process, and to show flexibility to countries that wished to continue negotiations on outstanding issues and those facing difficulties with EPA implementation.

The Minister pointed out that one difficult area, which was nevertheless of great importance to ACP States, was **cumulation of origin**, which promoted regional value chains (RVCs). An understanding of what was required for diagonal cumulation was necessary following the conclusion of an ACP Agreement on joint undertaking on administrative cooperation on customs matters, aimed at facilitating cumulation within the ACP Group. The EU had been formally notified thereof. The Minister went on to outline other problematic issues that the ACP countries had identified, including, but not limited to: the need to conclude **customs cooperation agreements** with the EU Overseas Countries and Territories (OCTs) while respecting the sovereignty of countries; **market access constraints**, particularly with regard to 'Mode 4' for professional services suppliers; **different implementation of EPAs** based on national conditions, even though EPAs signed by the EU Member States were meant to be binding on all; and the failure to apply coherent and consistent approaches in EPAs and WTO provisions.

Minister Greenidge asked for EU assistance in resolving these issues. He also noted that EPA benefits had not accrued to the expected levels and that there had been no significant investments in most countries, with a few exceptions. There was a need for a comprehensive stock-taking of the EPA process in the legal, trade, regional integration and development areas in order to establish whether the EPA processes were consistent with the objectives and principles laid out at the commencement of the negotiations, so as to put the EPA process back on course.

The Minister then invited the ACP States to share their views.

The representative of Jamaica stated that the Agreement was being provisionally applied at national level and steps were being taken to complete the ratification before the end of the financial year. He said that even though the full benefits of application had not materialised, it still remained an important tool for economic growth and development, notably as regards the export of services, and tourism in particular. He further expressed concerns about domestic regulations, which could affect market access, and noted that increased information exchange on access to markets and regulatory regimes could facilitate movement of persons, transparency and predictability. He called on the EU to fully reconsider the Cotonou revision, as it would strongly affect the African countries. He further noted that an extension of the visa waiver and activation of the Cultural Activities Protocol under the EPA were important, given that restrictive EU visa regimes were still in place. Geographical indications were felt to be an important tool, contributing to increasing product values: Jamaica produced juices, other spirits, jerk, rum and coffee, and to date it had registered two geographical indications (Blue Mountain coffee and Jerk).

The representative of Ethiopia pointed out that the country had engaged in the EPA negotiation process because the EU was an important trading partner, representing 35 % of its exports and 30 % of its imports. The process was also in line with the government's priorities for the country's integration into the regional and multilateral structures. Since the launch of the process, Ethiopia had constructively engaged and was continuing to do so. However, as there were some overlapping issues between the WTO and the EPA, it had decided to delay the process so as not to affect the bilateral negotiations in the WTO and jeopardise the country's accession to the organisation; it was difficult to submit two offers for the same partner.

The representative of Chad stated that the negotiation of the EPA for Central Africa did not reflect the level of development of the countries, and that the unilateral decision of the EU to interrupt the negotiations contradicted the spirit of the agreement on the basis of which they had been started. He noted that the EU had received a statement to examine and allow amendments in April 2017, but there had been no follow-up. Full regional agreement, reflecting the concerns of all, was needed. The failure to implement the Agreement undermined the regional integration processes as a whole. The rules of origin were another challenge. There was a willingness to continue the dialogue, and the EU was therefore requested to reflect on the region's needs and allow the agreement to bear fruit.

The representative of South Africa focused on the issues mentioned by the ACP Co-Chair and stated that EPAs should contribute to regional integration, support industrialisation and value-added chains, and contribute to the empowerment of women and SMEs. Development aid for agriculture needed to recognise the interests of South Africa and its socio-economic concerns and constitute a framework for accumulating benefits.

The representative of the Gambia thanked the EU for the efficient handling of the negotiations so far and noted that fragmentation was not an option. Strong partnership was required for the country's socio-economic advancement. He said that numbers counted in a globalised and challenging world, providing leverage for better positioning. The representative further stressed the role of value-addition and the conversion from being an exporter of agricultural goods to being an exporter of semi-finished or finished products. A solid private sector was a catalyst for economic growth and necessary to improve access to funding and capacity building. He added that women were important business actors.

The representative of Trinidad and Tobago noted that market access in Cariforum had brought economic diversification, increased competition, new customers and markets; however, the countries of the region were facing challenges when it came to implementation and ensuring institutional capacity. Structural challenges were present at both national and regional level. Benefits had not been realised and the desired effects had not been produced. The cultural protocol needed to be activated. Monitoring aspects needed to be improved to assess effectiveness. Trinidad and Tobago had not submitted the instrument for ratification. Additional problems were motor vehicles and their parts, and the application of dock dues in the French Outermost Regions (OMRs). It was necessary to work together with the EU to realise the benefits of the EPA. Finally, he stressed the high importance of the access to the EU market that the EPA provided.

The Commissioner acknowledged that EPAs should be an instrument for development, aimed at diversifying the economy and bringing conformity with WTO rules, and highlighted the good progress that had been made in this regard, including the access to half a billion EU customers that had been secured. However, she underlined the need to explore ways to make better use of development envelopes, which remained largely unused, and stressed that support for regional integration, regional coherence and convergence could only be dealt with by the ACP partners. She agreed that the process of attracting investments was multi-dimensional: it required adequate finances and infrastructure, a suitable business climate, and no corruption, among other conditions. The Commissioner recalled that at the upcoming AU-EU Summit, investment would be the main topic, and particularly the way it could empower young people.

5. ACP-EU trade regime issues:

(a) State of play on the Brexit process

Commissioner Malmström said that on 29 April 2017 the European Council had agreed clear guidelines for the negotiations. Following this, on 22 May, the Council had adopted the negotiating directives, and the negotiations had started on 19 June. The Commissioner explained that the focus would now be only on the first phase of the negotiations for an orderly withdrawal, i.e. citizens' rights, the financial settlement and the new external borders, and that an agreement on an orderly withdrawal would be a prerequisite for discussing the future. The Commissioner clarified that an agreement was due by October 2018, in order to allow for the ratification process to be completed and for the United Kingdom (UK) to withdraw from the EU by the end of March 2019. She explained that Article 50 was about withdrawal, which would come first, not about a future EU-UK relationship, which would come later. Only when sufficient progress had been achieved on the first phase could the negotiations move to discuss the future relationship. In the meantime, the EU would continue its ambitious trade policy, since the argument for an active and open EU trade policy had not changed: trade remained vital for the prosperity of the EU, whether EU-28 or EU-27. The EU would remain one of the world's largest traders of goods and services and one of the world's largest markets. Accordingly, it would remain fully committed to pursuing an ambitious trade and development agenda. The Commissioner said that this had been recently confirmed in the letter that the EU and the UK had addressed jointly to the WTO.

Regardless of the outcome of the Brexit negotiations, the EU would also remain the world's leading donor. In this respect, she noted that the EU's collective (EU institutions and Member States) Official Development Assistance (ODA) in 2014 had increased to US\$ 89 billion, far ahead of the US which was ranked as the second largest donor (US\$ 31 billion). As far as the UK was concerned, the outcome of the referendum itself had not changed anything: the UK would remain a member of the EU, with all the rights and obligations of an EU Member State, until the terms of its exit had been agreed. The EU Treaties would continue to apply to the UK and within the UK during that period. Until its withdrawal, the UK would continue to be bound by the Union's exclusive competence in respect of the common commercial policy pursuant to Article 3 of the Treaty on the Functioning of the European Union and, more generally, the principle of sincere cooperation pursuant to Article 4(3) TEU.

The ACP Co-Chair thanked the Commissioner for the information on the state of play of the Brexit process, noting that this was an extremely important issue for the ACP Group; they would request that this be a standing item on the agenda for the coming years.

He noted that the UK was a significant market for a number of ACP States and was, logistically, a key entry point into the EU market. The UK also hosted the commodity exchange and futures market for key ACP commodities; its withdrawal by 30 March 2019 would thereby end the current ACP access to the UK market under the EPAs and other ACP-EU trade arrangements. The value chain process, including cumulation under rules of origin, could be affected. So would the sanitary and phyto-sanitary regulations (SPS), if the rules currently applied were changed. Minister Greenidge emphasised the importance of extending, in the interim, current ACP access to the UK market to ensure there was no disruption of trade or of supply chains. In this connection, he expressed the commitment of the ACP countries to work in concert with the EU and take initiatives to ensure that the basis for extending the current ACP terms and conditions of access to the UK was not challenged in the WTO. The Minister requested clarification on the modalities for maintaining existing levels of market access, particularly on how the UK would continue the preferential arrangements for developing and least developed countries.

The Minister noted the protracted negotiation on the quantum of the UK's financial settlement of its obligations during the period of its membership, but expressed the belief that the EU would nonetheless meet its obligations to third parties even after the UK had left. For that reason the ACP countries would seek the inclusion of a provision on the extension of the current ACP access to the UK market in any transitional arrangement mutually agreed between the EU-27 and the UK, so as to ensure that no ACP State was made worse off.

The ACP Co-Chair invited his colleagues to comment.

The representative of Jamaica said that he understood the challenges that lay ahead and confirmed that Jamaica would seek to have continued discussions with the UK, but that it also looked forward to strengthening and deepening its trade relationships with the EU.

Ms Malmström said that she could not give any guarantees. Upon its departure, the UK would leave the EU trade agreements and would have to renegotiate them; there would also be interruption of trade for the EU, since the UK would be a third country. It was also not yet clear whether the standards and regulations would be new, but the EU would keep its ACP partners fully informed.

(b) Non-tariff measures

The EU noted that it had no issues to raise under this item.

The ACP Co-Chair underlined that the ACP was seriously concerned about the implications of the new EU Plant Health Regulation, which would be fully applicable on 13 December 2019. It was the ACP States' understanding that their competent authorities and operators would be expected to adjust to the new rules. The requirements that all living plant material could only be imported into the EU if accompanied by a phytosanitary certificate was quite onerous. Furthermore, commodities listed as high risk by December 2018 would be prohibited from entering the EU market until a Pest Risk Assessment had been conducted.

Minister Greenidge expressed strong concern that the new Regulation would have a severe impact on the ACP States, and therefore urged the EU to: (1) postpone the implementation period and agree to a phased approach to allow ACP States time to improve their capacity to meet the requirements; (2) provide the list of high risk commodities as soon as possible to enable the ACP States to adjust to the new situation; (3) provide clarification regarding the process of certification and data collection for enhanced understanding and transparency; (4) make available resources for capacity building for ACP States in various areas, including data collection and physical infrastructure such as laboratories; and (5) extend capacity building programmes beyond the current coverage of fruit and vegetable to other plants and plant products.

Minister Greenidge confirmed that the ACP Group was aware that a review on dock dues by the EU was expected by the end of 2017, and reiterated his concern about the negative impacts thereon. He further reiterated concerns about false codling moth (FCM) and citrus black spot – issues that had been raised with the EU side in previous JMTC sessions and had not been resolved yet. He reiterated his request to the EU to carry out prior consultations with the ACP when coming up with draft legislation that could affect their exports, such as the regulations on FCM. The Minister also asked the EU to provide adequate financial and technical assistance to enable affected countries to adjust to the new regulations. Furthermore, he requested an update on the proposed amendment to the current anti-dumping and anti-subsidies regulations, noting that even though ACP exporters were not currently affected, it was important to be informed if the EU eventually decided to harmonise the two regulations.

The representative of South Africa noted that the Regulation on fruit and vegetables would have severe implications, and that more clarity on its purpose and content was needed. The issue of citrus black spot had not yet been resolved and was costing the industry EUR 63 million a year; assistance for capacity building was thus requested. He called for the application of the transparency principle, and referred to Article 7 of the WTO SPS Agreement and to the International Plant Protection Convention (IPPC). He also noted that the FCM had not yet been listed as harmful, and asked when the Regulation would start to be implemented.

The ACP Secretary-General felt that the technical and scientific problems were having policy and trade implications. Working with the Joint Research Centre (JRC) could be useful in providing a strong scientific base.

On the new EU Plant Health Regulation, the Commissioner reassured the meeting that there would be time for adjustments as it would only apply as of December 2019. ACP comments would be taken into consideration. Regarding the dock dues issue, she noted that on the basis of the mid-term review by the French authorities, the EU would decide by the end of the year whether to adopt the relevant provisions. The Cariforum Council presented the next opportunity to discuss the issue. The EU trade defence instruments, including the anti-dumping assessment methodology, were also regularly adapted with the objective of modernising them, making them more efficient, and including the industry at an earlier stage. Legislation was at the final stage but had not yet been adopted. As soon as any final decision had been reached, it would be published. As for the citrus black spot issue, it was still under discussion: 40 % of the citruses produced by South Africa were exported to the EU. Moreover, the export period had been increased by six weeks. The importance of trade in this area was reiterated, while it was also made clear that the presence and spread of the disease should be prevented. With regard to FCM, the Commissioner confirmed that the new import requirements would apply from 1 January 2018.

(c) Commodities and fisheries

The ACP Co-Chair provided an update on the good progress achieved with regard to the ACP New Approach on Support for the Development of the Agricultural Value Chains, which the ACP Council of Ministers had endorsed in May 2017 and which was aimed at empowering actors along the value chain, especially family farms, micro, small and medium enterprises (MSMEs), women and youth, enabling them to participate fully in the transformation and modernisation of the agricultural sector at national and regional level.

Minister Greenidge further stressed that the New Approach would facilitate alignment with industrialisation priorities set at national and regional level and thereby enhance the participation of ACP States in regional and global value chains, which would contribute to poverty alleviation, job and wealth creation and ultimately to the reduction of dependence on commodities. The Minister stressed that dependence on exports of primary agricultural commodities had perpetuated low processing and limited value-addition in the ACP States. The New Approach would promote value-addition and diversification and address the challenges of production capacity and supply-side constraints. This was very important for the ACP Group as it strove to actualise the benefits of EPAs. The Minister underlined that the ACP States aspired to be exporters of value-added products as opposed to being mere exporters of primary commodities. He invited the EU to cooperate with the ACP States by supporting the implementation of the New Approach Policy, in line with the EU 2014 Commodities Strategy.

The Minister then raised a number of issues regarding specific commodities, acknowledging the support that had been provided through accompanying measures for bananas and sugar.

Sugar: The ACP States were concerned about the imminent negative impact of the end of the EU sugar quota system from 30 September 2017, and were also concerned about the EU Voluntary Coupled Support which had had a negative impact on the price of sugar. They wished to establish a dialogue on this through the Joint Technical Committee on Sugar with a view to exploring remedial measures.

Bananas: The proliferation of EU Free Trade Agreements (FTAs) with non-ACP States had led to an increase in banana imports into the EU market. The increase in imports from Nicaragua, Guatemala and Peru had gone beyond the 80 % defined thresholds. The ACP States feared that a reduction in the price of bananas would have far-reaching consequences. They therefore called upon the EU to ensure that the commitment to maintaining a floor price of EUR 75 per tonne for third countries would be maintained in order to guarantee stabilisation of the EU banana market. They also requested dialogue on this issue in the Joint Banana Working Group with the aim of monitoring and ensuring stability in the EU banana market.

The representative of Côte d'Ivoire noted with concern the 40 % drop in the cocoa rate in the last six months, which had resulted in a huge gap in the country's budget reserves and a decrease in farmers' income. A normative framework was needed to discuss exogenous shocks. As for bananas, a floor price of EUR 75 per tonne for third countries was needed.

The representative of Belize spoke on behalf of the ACP sugar suppliers. He pointed to the new EU regime eliminating the quotas for sugar as of 1 October 2017. He called for EU sugar prices to be more aligned with market prices and further noted that, due to the subsidies the EU was giving to its producers, the ACP States were suffering from reduced availability of markets and reduced prices in the EU and worldwide. The UK exit from the EU was expected to bring further unforeseen repercussions.

The representative of Vanuatu noted that kava, which was important to the Pacific and considered as a medicinal product there, had been included in the ACP New Approach on Commodities. He expressed concern that even though the EU had no restrictions on kava as a medicinal product, there were restrictions when it was imported as a food product. He referred to a recently adopted FAO discussion paper on regional standard for kava, which had approved kava as a potable beverage provided it was mixed with water. He called for technical and financial support from the EU in this respect.

The Commissioner noted that agricultural commodities continued to be a major source of jobs and income for millions of ACP farmers, and that they needed to be able to respond to markets in times of change and improve market orientation and competitiveness. She welcomed the ACP's New Approach and was looking forward to the results of its implementation. This should allow for deepening of the EU-ACP discussions on strategic planning on commodities, covering market functioning, value-addition and standards, as well as diversifying the global markets.

Sugar: The EU Co-Chair confirmed that the EU sugar reform would be completed in less than a year, when EU beet-production quotas would end. This had already driven both EU and ACP sugar producers to respond by aligning their production with market demands.

The Commissioner then pointed to the jointly managed market impact study which had produced a report with recommendations giving some indicators on how the ACP suppliers could approach the new market-driven trading environment, and outlining the diversification to other markets as an important conclusion. The relevant Commission departments (DG AGRI + DEVCO + TRADE) and the ACP Bureau of Sugar Ambassadors were seeking an early high-level meeting to discuss the recommendations of the study, including on research.

For the future, constructive market and trade monitoring through the Joint ACP-EU Sugar Technical Committee should be continued. Substantial progress had been made in this partnership, thus helping to resolve technical trade issues and refocus the discussions away from funding to market strategies. This was a good example of how constructive cooperation and partnership could adapt to new challenges – and on one of the few products that united all three regions of the ACP.

Bananas: The Commissioner underlined the fact that the ACP countries still enjoyed very substantial preferences and privileged treatment, being the only suppliers to have duty-free quota-free access. She confirmed that the Commission was aware of the fact that maintaining the preferential access for bananas was a sensitive issue.

The Commissioner underscored that the cooperation was turning to strategic planning and partnership, and expressed her satisfaction at the fact that the informal ACP-EU Banana Working Group had got under way. She then pointed to the upcoming meeting, at which the main subject would be an evaluation of the impacts of the Banana Accompanying Measures and identification of strategic options for further development. This would ensure that the ACP countries concerned had a precise and comprehensive understanding of the challenges and market outlook for bananas. The banana producer countries should use this information to take stock of the research; it could provide input for adjusting their own strategies, where appropriate.

Kava: The Commissioner recalled that there was no EU single market for kava and that competence regarding qualification of the product therefore remained with the EU Member States. The Commission urged the ACP States to engage in dialogue directly with the EU Member States concerned. The Commissioner also acknowledged the importance of producing and exporting kava but reminded the meeting that there was no EU legislation on this subject, which remained a matter for Member States.

Cocoa: There was not much that could be done about the fluctuating prices.

Fisheries: The ACP Co-Chair briefed the JMTC on the trade-related outcomes of the 5th meeting of ACP Ministers in charge of Fisheries and Aquaculture, held in the Bahamas from 18 to 21 September 2017. The Ministers had noted with concern that the implementation of the EU Regulation on Illegal, Unreported and Unregulated Fishing (IUU) had disproportionately affected many ACP States. Currently, two ACP States were listed as non-cooperating countries in the fight against IUU fishing and six others were being pre-identified as such. In this connection, the ACP urged the EU to extend support to the affected countries so that they could undertake the necessary reforms. The Ministers had, moreover, acknowledged that the use of trade policy instruments such as catch document schemes, if well designed, could contribute significantly to the global fight against IUU fishing. At the moment, the current unilateral catch documentation schemes only monitor entry of IUU fisheries products into one market. The Ministers sought enhanced cooperation with the EU in the development and adoption of the FAO Voluntary Guidelines for Catch Documentation Schemes, to counter the trade in IUU fishery products across the targeted fishery value chains. With regard to the EU FTAs with third parties, the Ministers called on the EU to consider fish and fishery products as sensitive products, whenever such agreements were negotiated, to forestall the erosion of trade preferences extended to ACP countries. The importance of fisheries to the sustainable development to ACP States, especially the Small Island Developing States (SIDS), could not be over-emphasised.

Commissioner Malmström emphasised that fighting IUU fishing continued to be a political priority for the EU, which was why the EU had introduced the IUU Regulation in 2010, providing the framework and a number of tools to prevent illegal fish from entering the EU market and to reinforce cooperation with third countries. The European Commission had entered into a dialogue with a number of ACP States to work together to fight IUU fishing.

Working with the EU, informally or formally after pre-identification and even identification under the EU IUU Regulation, some countries in **West Africa** had been able to implement structural changes in the fisheries sector and were now effectively fighting illegal fishing in their waters and reaping the full benefits of their valuable natural resources. The EU was continuing to work with several countries in this region, including those who had received the 'green card', to ensure that the changes would be lasting. This work would be reinforced by the recent adoption of a EUR 15 million Commission (DEVCO) project to reinforce the fight against IUU fishing in West Africa – PESCAO – to be implemented through the two sub-regional fisheries organisations.

In the **Caribbean** region, the Commission was primarily concerned about the countries operating flags of convenience, and also had concerns about some transshipment hubs. Cooperation with the authorities of some countries had been positive in finding solutions to address their situation, while cooperation with others had been more difficult.

In the **Pacific** the main issues were the failure of countries to monitor their own fishing vessels and third-country vessels fishing in their waters and to monitor transshipping in their ports. The Commission had maintained bilateral dialogues with a number of countries in the region, with confirmed positive results (Fiji, Solomon Islands, Papua New Guinea). There were currently open dialogues with Tuvalu and Kiribati.

(d) **EU negotiations with third parties – bilateral, Commission proposal to open negotiations on a Multilateral Investment Court and Trade in Services Agreement (TiSA)**

Ms Malmström provided an update on the state of play of the EU FTA negotiations in the different parts of the world, focusing on those that the ACP States had identified as being of most interest to them. She provided assurances that, when negotiating with other parties, the EU kept in mind the potential impact on the EU-ACP trade relationship, and noted that the EU's defensive interests largely corresponded to the ACP Group's identified interests. Sensitive products, including bananas, sugar, rum, beef and rice, were thus subject to special clauses. The Commissioner underlined that the EU FTAs provided only partial liberalisation in the form of tariff-rate quotas (TRQs), as many countries would not conceive of concluding negotiations with the EU without some market access for some of these products.

Bilaterals

Transatlantic Trade and Investment Partnership (TTIP)

Negotiations on the TTIP had stopped until further notice at the end of 2016. It was premature to anticipate whether or when they might resume. A number of factors had affected the prospects for TTIP. Significant differences of view had already emerged at the end of the Obama administration, both on market access and on new rules. It was not clear how they could be overcome. The new administration's agenda of economic nationalism, reflected in a series of policy initiatives, had further reduced the overlap between EU and US policies. The new US administration's stance on climate change, and in particular the intention to withdraw from the Paris Agreement, was another complicating factor, since it had widened the gap with regard to the EU's goal of setting high environmental standards in trade agreements in order to support sustainability. The EU needed to keep developing a positive economic agenda with the US and would look into **individual bilateral topics** of mutual interest such as regulatory cooperation in certain sectors like pharmaceuticals, financial markets, consumer protection, e-commerce and automobiles, including the regulation of driverless vehicles.

Comprehensive Economic and Trade Agreement (CETA)

CETA had entered into force provisionally on 21 September 2017. A few provisions, such as the investment protection and Investment Court System (ICS), would only apply once all Member States had ratified CETA. The national ratification process for CETA was likely to be lengthy and determined by domestic procedures, with up to 43 Member State Parliaments being involved. So far seven Member States had ratified CETA. After provisional application, the following key areas of work would be pursued in the coming months: agreeing on **the institutional framework for CETA** between the EU and Canada to govern the agreement; initiating **a review** process with Canada on how to improve the effectiveness **of the sustainable development provisions** in CETA (the review would take place in parallel with the comprehensive debate – on the implementation of sustainable development provisions in EU FTAs – launched by the Commission in early July with EU stakeholders, including Member States and the EP, with civil society being widely consulted; this debate would feed into the review process with Canada). The foundations of the ICS had already been established in CETA and the Commission would continue its work on ICS once CETA had been ratified.

JAPAN

The Commissioner welcomed the conclusion of the agreement in principle on 6 July 2017. Beyond its economic value, this agreement also had considerable political value, as it showed that both the EU and Japan were arguing for free and fair trade, open economies, clear and transparent rules and value-based international and trade relations, and that they rejected protectionism. The EU had already published the text of the agreement in principle and many of the chapters. The EU was now aiming to finalise the negotiations by the end of 2017, following which legal scrubbing and translation could begin.

TUNISIA

Negotiations for the Deep and Comprehensive Free Trade Agreement (DCFTA) with Tunisia, building upon an existing FTA, had been launched on 13 October 2015 and since then the two parties had met on three occasions, most recently in February 2017 in Brussels. The slower pace of negotiations was mainly due to changes of government. The EU was now working towards the next round, to be held as soon as possible.

MOROCCO

The Commissioner remained convinced that a DCFTA, building upon an existing FTA, was a good model for Morocco and the region. A lot of developments had occurred since the last negotiation round took place in April 2014. As a first step, the EU would have to make a thorough assessment of where Morocco and the EU stood on the different issues to be covered by the DCFTA. The technical discussions could start early next year.

LATIN AMERICA

The Commissioner stressed that the trade and investment relationship with the Latin American region was strong and that the EU remained firmly committed to it, despite the mounting protectionism in the region. There was potential for much more.

The EU would keep exploring possibilities for further cooperation with the 'Pacific Alliance' group, with which it shared many common values, such as the desire to develop a dialogue on trade and investment.

CENTRAL AMERICA

The EU would continue to devote considerable attention to the implementation of the agreements.

The trade part of the Association Agreement between the EU and Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) had been provisionally applied with the whole region since 1 December 2013. The last meeting of the Association Committee and preparatory sub-committees had taken place in June 2016 in Honduras. The next Association Committee meeting was due to take place in the region in mid-2018. A new Trade Section had been established at the EU Delegation in Costa Rica to help implement the Agreement.

ANDEAN COMMUNITY

The Trade Agreement with Colombia and Peru had been provisionally applied since 2013. The last Trade Committee meeting had taken place in December 2016 in Brussels. The next Trade Committee meeting would take place in Lima on 20-24 November 2017. In July 2014, the EU and Ecuador had concluded negotiations for the latter's accession to the agreement. Accession procedures had been completed at the end of 2016 and since January 2017 Ecuador had been a party to the agreement.

MERCOSUR

Negotiations for an Association Agreement with Mercosur launched in 2000 had resumed in May 2010 (after a six-year suspension) and were ongoing. The exchange of market access offers had taken place in May 2016. All current Mercosur member countries, with the exception of Venezuela, had participated in the exchange. The last negotiation round had taken place on 2-6 October 2017 in Brasilia. The aim was to conclude negotiations by the end of 2017.

MEXICO

The modernisation of the EU-Mexico agreement was progressing. During the last **EU-Mexico Summit** in Brussels in June 2015, agreement had been reached on launching the process of modernisation of the Economic Partnership, Political Coordination and Cooperation Agreement between the EU and Mexico (the Global Agreement of 1997). The first negotiation round had been held on 13-14 June 2016. The last round had taken place on 18-30 September 2017. The goal was to conclude negotiations by the end of the year.

CHILE

The EU and Chile had concluded an Association Agreement in 2002, including a comprehensive FTA that had entered into force in February 2003. At the meeting of the **EU-Chile Association Council** in April 2015, the EU and Chile had agreed to launch a reflection on the modernisation of the Association Agreement. The Commission had concluded work on the joint scoping exercise with Chile, and was working on the impact assessment. Negotiation directives would hopefully be adopted by the Council in the coming weeks, with a view to starting negotiations before the end of 2017, possibly by mid-November.

ASEAN and INDIA

The Commissioner said that the EU had concluded two FTAs with ASEAN Member States (Singapore and Vietnam), but these were not yet in force. The EU hoped to conclude the adoption process in line with the new architecture (FTA and Bilateral Investment Agreement (BIA)) and allow for the entry into force in the course of 2018.

The EU was actively pursuing negotiations with Indonesia (the third round had been held in September 2017). Negotiations with India, Malaysia and Thailand were currently on hold. As for the Philippines, the EU would refrain from organising further rounds for the time being as there were serious concerns about the human rights situation in the country as a result of the war on drugs.

AUSTRALIA and NEW ZEALAND

The EU was also planning to start negotiations with Australia and New Zealand soon. The Commission had tabled negotiating directives to the Council and the Member States were currently deliberating them. The Commissioner hoped to be able to launch the talks soon.

The ACP Co-Chair acknowledged that the ACP States were aware of the current trade policy trends focused on greater liberalisation of trade, as well as of the effects of the conclusion of agreements by the EU, which often led to the erosion of the preferences granted to them, affecting their competitive position in the EU market and their development prospects. The ACP Co-Chair stressed that the extension of preferences by the EU to third parties could diminish benefits under the EPAs, and explained this was why the ACP Group was proposing that more frequent use be made of Article 12 consultations, which should take place as soon as the mandate to negotiate was given by the Council. The Minister pointed to the provisions of the Cotonou Agreement (Article 37A) on the need to spread out, over the longest period possible, the implementation of measures that the EU must take and which may have a potential adverse effect on trade with ACP States. He also recalled the ACP-EU Joint Declaration on Support for Market Access, which committed the EU to assist the ACP States concerned. This was for this JMTC to monitor. The Minister stressed that remedial accompanying measures for the affected sectors should be put in place.

The ACP Co-Chair invited his colleagues to take the floor if they wished.

Regarding the possible impact on ACP States, the Commissioner acknowledged that some preference erosion might occur. Since negotiations were still ongoing or had, in some cases, barely started, the EU side noted that the final outcome could not yet be determined. The EU would, however, take account of ACP interests in respect of sensitive products by opening its markets only partially or gradually.

Commission proposal to open negotiations on a Multilateral Investment Court

Commissioner Malmström informed the meeting that the initiative on the establishment of a multilateral court for the resolution of investment disputes, that would be open to all interested countries and would operate based on the principles of permanency, independence, accountability and efficiency which underpin other respected international courts and tribunals, was moving forward. The United Nations Commission on International Trade Law (UNCITRAL) had decided in July 2017 to further work on the multilateral reform of traditional investor-to-state dispute settlement (ISDS). Considering UNCITRAL's significant advantages in terms of transparency, openness and accessibility for all relevant organisations and observers, the Commission was encouraged by this decision and was hopeful that discussions would deliver a satisfactory outcome in reasonably good time. The Commissioner expressed her firm belief that this initiative could provide a real and effective solution to the problems afflicting the current fragmented system of ISDS and would address the many concerns expressed on its legitimacy, accountability and full impartiality. Such a global system was also likely to be a more efficient solution than the coexistence of a multitude of bilateral investment dispute resolution mechanisms. Ms Malmström requested the views and initial reactions of the ACP States on this idea.

The ACP Co-Chair thanked the Commissioner for her presentation. He stated that the ACP side had examined the EU proposal and found that it did not address the fundamental flaws of investment agreements, including the need for extensive definition of some of the provisions such as fair and equitable treatment and the lack of balance between the rights of investors and host country obligations. Furthermore, the Minister noted that the ACP side found that the proposal did not clearly state how to safeguard the right to regulate in the public interest, and how to deal with concerns regarding costs and accessibility, especially for developing countries. The ACP would remain engaged but it was too early to give unequivocal support to the idea of a Court at this stage as the debate on investment policy reform was ongoing with a view to supporting investment for sustainable development.

On the Multilateral Court, the Commissioner acknowledged citizens' increased engagement in trade, which was resulting in increased efforts to be more inclusive and transparent. The EU's intention was to keep the current process as inclusive as possible and to continue discussions with all relevant actors before any formal launch of negotiations. Reflections and discussions about the technical features relating to the functioning of any possible future multilateral investment court would need to continue, and negotiations with other partners had yet to begin. It could only be addressed on a multilateral level, not as an EU project. The Commissioner said that the EU needed to discuss the costs and ensure special treatment for LDCs; there was therefore a need for clarity on how these pertinent issues would be addressed through a Multilateral Investment Court.

Trade in Services Agreement (TiSA)

Commissioner Malmström updated the Ministers on the plurilateral negotiations on a Trade in Services Agreement (TiSA), and invited Mauritius, as one of the TiSA participants, to share its point of view. She pointed out that TiSA had been one of the priorities for the EU, which had used its co-chairmanship to advance the negotiations. Due to the results of the US elections and the unknown direction that US trade policy would take, particularly given the negative stance towards 'multi-country' trade agreements, TiSA Parties had agreed to pause the negotiations in December 2016, and since then the EU had not received any update from the US on their position. The Commissioner further noted that, while the EU regretted the uncertainty this had created, it felt that the substantial progress the Parties had achieved by the time negotiations were frozen, gave grounds for optimism that TiSA could be brought to a conclusion very quickly, once the negotiations resumed.

The representative of Mauritius noted that when the discussions on TISA had been frozen, trade unions and civil society organisations had wanted to know why. This had also been discussed at regional level, e.g. the Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC). Mauritius was looking forward to working with the EU and advance progress as service providers.

The representative of South Africa called for a cautious approach and a comprehensive review of the investment framework, and noted that South Africa had decided to terminate all Bilateral Investment Treaties (BITs). It was the right of governments to regulate in the public interest. He pointed to the importance of access to courts to resolve conflicts, including state-to-state. There was no clear link between BITs and attracting investments. The best way to attract investments was to provide targeted incentives and increased policy coherence. The representative further noted that the EU proposal did not deal with fund flows of investment agreements.

6. WTO issues: preparations for the 11th WTO Ministerial Conference

The ACP Co-Chair confirmed the ACP Group's commitment to multilateralism, stating that nowhere was multilateralism more concretely captured than in the Doha Development Agenda, to which the ACP Group remained committed. However, the Group was concerned that some WTO Members had expressed the desire to move away from this form of multilateralism. For the meeting in Buenos Aires, the ACP Group expectations were that there would be positive decisions on fisheries subsidies discipline, agricultural domestic support and cotton, as well as special and differential treatment proposals in the G-90. He further noted that the Group also had an interest in positive outcomes in public stockholding and the SSM; the Ministers had adopted an ACP Group MC11 Ministerial Declaration capturing in detail the ACP key interests, with a development perspective at its core.

The ACP Co-Chair stressed that the perpetual vulnerability of the ACP States remained one of the ACP Group's key concerns. The 2017 hurricanes that had decimated some ACP island states had brought this into further focus and had highlighted the need for the WTO to give specific and special attention to the issues of continuously vulnerable WTO Members. The Minister called on the EU to support the ACP Group in that regard. Finally, there was a need for a transparent and inclusive process in the run-up to and during MC11, putting development at the centre.

The ACP coordinator in Geneva stated that they were working closely with the 78 ACP countries and the EU, notably on fisheries, domestic support, public stockholding and food security. Both sides shared the same values and the aim of ensuring that these values should permeate the whole WTO system. The current discussion on fisheries would be continued but the ACP wanted more than the IUU Regulation. A strong commitment to the multilateral system would be made in Buenos Aires: WTO reform for a fairer and stronger global trade should provide trade opportunities and inclusiveness, protect all and leave no one behind.

The two sides agreed on a joint press statement for the WTO MC11.

Commissioner Malmström pointed out that at the informal ministerial gathering in Marrakesh, the Members' priorities and way forward to MC11 had been discussed and Ministers had engaged constructively on a number of issues. However, it had to be clear that preparations were lagging behind. This was regrettable given the EU's and ACP's shared interest in upholding the multilateral system and getting concrete results at MC11. The JMTC provided an opportunity to exchange views on the issues and how they should be addressed at MC11. The EU had contributed to MC11 preparations by submitting middle ground proposals on six issues, paying specific attention to the needs of developing countries by ensuring flexibility with built-in special differential treatment provisions.

Ms Malmström expressed the belief that progress on these issues would benefit developing countries as much as developed countries. Some of these issues were well known and had been the subject of negotiations for a long time. Others were among those that had appeared more recently and also needed to be pursued. All were issues of interest and both sides needed to work in the WTO to address them. More broadly, the Commissioner agreed that the EU and the ACP States shared a common view that the WTO needed to function as an efficient forum to discuss issues of interest to Members. Regarding MC11 itself, the situation was clearly difficult. While there was some convergence regarding the objective of reaching agreement on **fisheries subsidies** and **public stockholding**, the parties were far from reaching tangible outcomes, notably a balanced and acceptable package for MC11. Additional elements were needed to get the balance of issues right.

On **agriculture**, a real permanent solution on public stockholding (covering pre-Bali and post-Bali programmes) was only realistic in the context of an outcome on **domestic support**. The EU had worked together with Brazil to develop an overall architecture that would put all Members on a trajectory of reform. Parties had to realise that certain ideas shared by some Members, like China or G10, were unlikely to be accepted by all. The Commissioner was interested in hearing the ACP countries' views on India's idea of having a public stockholding outcome that only covered pre-Bali programmes.

The Commissioner expressed the view that a **domestic regulation in services** should also feature as part of the MC11 outcome. A consolidated text was on the table that contained mostly best endeavour commitments that would only apply to the services sectors where WTO Members had commitments. This flexible approach gave policy space. In addition, work was ongoing on including provisions on special and differential treatment, based on the proposal made by India, covering both transitional periods and language related to technical assistance. 48 WTO Members had now co-sponsored this proposal, including some developing countries, and the EU was continuing to receive positive feedback from others. Negotiating a multilateral domestic regulation text by MC11 was possible.

On **e-commerce**, a working group had been created in the WTO almost 20 years ago. This had not allowed Members to discuss the issue in a constructive manner. The Commissioner showed understanding for the concerns that had been expressed by some, and acknowledged that a cautious approach needed to be taken. However, holding up the debate on an issue that was central to economies in the 21st century could push some to look for solutions outside the WTO. In the end, this was a lose-lose approach. A step forward therefore had to be taken. An agreement had to be found in Buenos Aires on the establishment of a formal Working Party on e-commerce that could be mandated to prepare negotiations on any issue related to e-commerce and to engage in negotiations on issues that were ripe for settlement.

Similarly, as regards **investment facilitation**, Parties should agree to formalise the recently established dialogue and give a mandate to the WTO to start negotiations. Developing countries would be the main beneficiaries of any investment facilitation initiative. The Trade Facilitation Agreement should be an inspiration with regard to technical assistance and special and differential treatment.

The next few weeks should also be used to continue intensive work on other issues for which there was a clear case and basis for negotiations, such as **enhancing transparency and good regulatory practice facilitating SME trade** as well as **horizontal subsidies**.

On **development issues**, and special differential treatment, the EU was open to discussion. However, the Commissioner noted that the proposals that had been submitted in July mostly reproduced those that had failed in Nairobi.

7. Trade-related capacity building

(a) New EU Aid for Trade strategy

(b) Implementation of Programmes; EPA Support

The representative of the Commission (DG DEVCO) referred to the EU's support for the ACP States by promoting job creation, increasing the value chain and strengthening regional integration, which all represented crucial objectives for development policy. The EU had delivered on its commitment. The quantitative objectives laid out in the 2007 Strategy had nearly been achieved (40 % out of 50 % targeted increase in trade-related assistance between 2010 and 2015, i.e. EUR 21.7 billion out of EUR 25 billion). The EU and its Member States were still the most important donor of development aid worldwide. However, since global politics had shifted considerably, the 2007 Strategy was currently undergoing a review which it was hoped would be adopted at the end of this year. There had been a shift in the focus of the 10th to the 11th European Development Fund, which had launched several trade-related capacity programmes, including the technical barriers to trade, hub and spokes programme, and support for the Enhanced Integrated Framework. The Programme of the 11th EDF Intra-ACP Envelope was ongoing, with EUR 600 million earmarked for intra-ACP private sector development initiatives. Although the regional and national indicative programmes had done a lot to promote trade activities, the existing programmes were gradually being adjusted to these new realities. In this regard, in several regions, national EPA implementation plans had already been developed in conjunction with the recipient states in order to define priorities and help the ACP States identify their needs.

The ACP Co-Chair noted that the ACP States and regions greatly appreciated the support that the EU had granted over the years for trade-related capacity building. This assistance had contributed to improved design of trade policy and human resource capacity development as well as to strengthening the trade institutions. However, consultants who were ACP nationals should be used as much as possible for the implementation of the programmes. There was also a great need to disseminate information on the programmes as widely as possible within ACP States, so as to encourage the submission of applications. The EEAS, which was present in most of the ACP States' capitals, could assist in this process.

8. Update on the process towards an EU list of non-cooperative tax jurisdictions

The representative of the Commission (DG TAXUD) provided an update on the state of play and next steps. There was currently no EU list. By the end of the year, the EU Ministers of Finance would have to decide on the outcome of the two years' screening done in cooperation with the OECD. The screening process assessing the engagement, cooperation and readiness for dialogue of 92 third countries was coming to an end. Based on the information from the screening on the identified deficiencies, steps for compliance with the EU criteria would be identified. The EU was expecting commitment to align with its standards within a given timeframe. The exercise was driven by the EU Member States, and the Commission was providing technical expertise. Continued dialogue and cooperation would be important when adopting the final decision on the list and assessing the timeframe. The EU remained open to discussing all tax issues with all its partners.

The ACP Co-Chair expressed the ACP countries' concerns about the lack of transparency in the process; the EU was acting in two different capacities, and he pointed out that the OECD remained the only body to make such an assessment. Moreover, the ACP States also had limited resources, technology, time and human resources to implement the changes. The ACP was deeply concerned by the EU's unilateral decision to proceed to develop a common list in the EU and wished to recall that the Cotonou Agreement provided for political dialogue under which consultations on such matters could be held.

The representative of Barbados thanked the EU for outlining the process, and shared the transparency concerns. He said that the country had previously been challenged but found to be compliant with the OECD criteria and the issue of non-cooperation would not apply. He said that no major damage had been done to the economy, but the country relied heavily on the international business sector, and particularly the banking sector.

The representative of Vanuatu agreed with the previous speaker and highlighted that at the last meeting concerns had been already expressed on how the EU had been dealing with this issue. He said that, in a true spirit of partnership, there had already been a lot of cooperation with the OECD. Only the Global Forum of the OECD could issue such lists, and he called on the EU to work with the Global Forum. There was no income tax in Vanuatu which would allow for money laundering and transfers of terrorist funding, but the national tax system was undergoing a major review; overall, it had progressed very well, with changes in the tax-related legislation. 2018 would provide a good opportunity for further updates.

The representative of Trinidad and Tobago recalled that the international mechanisms should comply with the rules: all countries should commit to tax cooperation and back the rules-based system. Developing countries subscribed to these rules and were cooperating with the EU, in varying degrees. Little information had been received on where the country stood based on current analysis; there could be many reasons why a country was described as 'uncooperative', for example, if it was taking a long time to implement national legislation or if there were deficiencies in one or two areas. He refused to be qualified as non-cooperating, as this inflicted serious reputational damage, impacted on investors' confidence, and increased costs for borrowing on the international markets, when what the country wanted was increased investment and viable entities for economic growth and development. A new inter-governmental body under the UN (universally negotiated and accepted, where every country had a seat at the table) needed to be established to address this issue, as it was a global issue. There should be no punitive characterisation but equitable rules on tax cooperation.

The representative of Jamaica confirmed that Jamaica was sharing information in the framework of the OECD but had limited capacity. This was not only a technical exercise, but a fundamental tool for the functioning of the economy; it could bring reputational damage and affect the relationship with the international financial institutions, as well as with multilateral and bilateral partners. He called for transparency and reality, and asked not to be punished because of a technical omission.

The representative of the Commission (DG TAXUD) noted that the level of common understanding between the EU and the ACP States had largely improved. He also took note of the concerns that had been expressed, i.e. the need for transparency, coherence with the global framework and the resources challenges. He then said that letters setting out the final situation of the combined analysis (EU+OECD criteria) would soon be sent to the 92 screened countries. This was a resource-intensive exercise for all, and for that reason the work had been done in two strands: DG DEVCO was helping with technical assistance and funding to enable participation in the OECD framework, which some countries with lesser institutional capacity could be granted more time to comply with. The EU was primarily targeting institutions which did not agree to engage, progress and reform.

9. Any other business

No issues were raised under this item.
