

ACP-EU COTONOU AGREEMENT

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

**COUNCIL OF
THE EUROPEAN UNION**

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SUMMARY RECORD

from:	74th meeting of the ACP-EU Subcommittee on Trade Cooperation
on:	7 March 2017
at:	ACP House, 451 Avenue Georges Henri, 1200 Brussels
Subject:	Summary record of the 74th meeting of the ACP-EU Subcommittee on Trade Cooperation

The ACP-EU Subcommittee on Trade Cooperation held its 74th meeting at the ACP House on 7 March 2017.

The meeting was co-chaired by H.E. Ambassador Tadeous CHIFAMBA of Zimbabwe, for the ACP side, and Ms Sandra GALLINA, Director for Sustainable Development; Economic Partnership Agreements - African, Caribbean and Pacific; Agri-food and Fisheries at DG Trade (European Commission), for the EU side.

1. Adoption of the agenda

The agenda, as set out in [ACP/61/003/17 REV 1 - ACP-UE 2107/1/17 REV 1], was adopted.

2. Approval of the summary record of the 73rd Meeting of the ACP-EU Subcommittee on Trade Cooperation

The summary record of the previous meeting [ACP/61/029/16 - ACP-UE 2117/16] was approved.

3. ACP-EU Economic Partnership Agreements (EPAs)

- (a) State of play**
- (b) Opportunities and challenges**
- (c) Implementation plans**

The EU Co-chair described recent developments with regard to the implementation of the existing EPAs. She underlined that the focus of the EPA process had firmly shifted from negotiation to implementation. She said that EPAs in all the three ACP regions were being implemented and that these EPAs covered 28 ACP countries. Another 21 countries had concluded negotiations and a number of other countries had expressed their interest in joining existing Agreements. EPAs would therefore be the platform for trade relations with the majority of ACP countries.

Good progress in implementation of EPAs had been noted, namely in the Caribbean, the Pacific, the Eastern and Southern African (ESA) sub-region, and with Cameroon in Central Africa. The implementation process with Ghana and Côte d'Ivoire, who ratified their individual EPAs last year, was also gradually starting. The EPA with the Southern African Development Community (SADC) EPA Group had entered the implementation phase in October 2016, while Mozambique would also soon be in a position to start implementation. A number of examples of positive effects of EPAs were put forward by the Commission representative, namely in Madagascar, in the Pacific region, and in Côte d'Ivoire and Ghana.

Further on EPA implementation, the EU side recalled that preparations were ongoing for EPA implementation in all regions, and that this comprised National EPA Implementation Plans. These plans were aimed at identifying and addressing key constraints on economic growth and private sector development. They also targeted support possibilities for reforms that were needed for the smooth implementation of the agreements. Monitoring the implementation of EPAs remained crucial in order to ensure that they could play a critical role as a platform for trade relations and cooperation between EU and ACP partners.

Finally, the EU underlined the positive effects of the Aid for Trade programme, which amounted to EUR 12 billion in 2014, beyond the EUR 10 billion target of the 2007 EU Aid for Trade Strategy. The Co-chair emphasised the importance of clearly establishing priorities in the projects submitted under the 11th EDF regional envelopes.

The Commission noted that EPAs included a chapter on economic and development cooperation. More generally, the purpose of National EPA Implementation Plans was to ensure that the development opportunities created by EPAs were realised. They would ensure that all available EU programmes were mobilised to deal with identified priorities at national, regional, intra-ACP and thematic levels, taking into account the interventions of other donors and of the European Investment Bank. The new External Investment Plan, which had recently been launched, was currently under discussion within the Council and the European Parliament. It provided a basis for increasing investment by means of the innovative financial guarantee fund.

The ACP Co-chair welcomed the progress achieved in the EPA processes in West Africa, the East African Community (EAC) and the Southern African Development Community (SADC), as well as in interim EPA signatory states in Eastern and Southern Africa (ESA), Central Africa and the Pacific. However, the ACP side expressed concerns about the risks to deeper integration if having more than one trading regime in the same region (citing EAC, West Africa and Central Africa regions).

The ACP called for the establishment of a joint EPA implementation, monitoring and evaluation mechanism, which would allow better knowledge sharing and adoption of good practices, as well as the resolution of problems when they occurred.

The ACP delegation also expressed concerns about concluding the interim agreements and the future of outstanding negotiations, including the EU decision to stop negotiations with Central Africa. They expressed hope that the negotiation process would nonetheless restart in the near future, with a view to widening and deepening interim Agreements in order to foster coherent regional integration.

Regarding opportunities and challenges, the ACP considered that the focus needed to be maintained in respect of challenges and persistent difficulties in implementation.

The ACP side also asked for more detailed information about the EU proposed support for "value supply chains" and expressed concerns about the quantum of resources and how long it took to obtain support under the EPA support programmes. The March deadline set by the EU for completion of the National EPA Implementation Plans was questioned.

The representative of Vanuatu, speaking on behalf of the Pacific, informed that Samoa and Solomon Islands had applied to join the existing EPA and expressed their interest in becoming more engaged in the Pacific EPA process with the EU.

The representative of Cameroon referred to the latest decision of the regional council, which had expressed the openness of the individual states of the region to adhere to the negotiations on EPA, subject to the introduction of the requested modifications. He also requested that the EU open political dialogue in line with Article 8.3 of the Cotonou Agreement. He further noted that in the coming days, Cameroon would sign the agreement to be able to apply the rules of origin.

The representative of Mauritius noted the need for further political consultations, notably to focus on the private sector and to ensure private sector participation. He also expressed support for the idea of a Joint Implementation Mechanism to be established between ACP-EU. He praised good progress made in the revision of the rules of origin.

The representative of Botswana, speaking on behalf of SADC, referred to the recent meeting with the EU which had aimed at setting out the joint structures necessary for proper implementation of the agreement. The representative noted that although certain challenges were identified, good progress had been made in implementation.

The representative of Gabon gave supplementary information regarding the conference of Heads of State and Government which had taken place in February which mandated the resuscitation of EPA negotiations. Ministers from the region met thereafter and agreed to consider acceding to the existing EPA with Cameroon, on condition that certain concerns were addressed.

The representative of Kenya, who spoke on behalf of EAC, noted challenges in EPA ratification but trusted that the outstanding issues could be clarified soon. He also referred to the entry into force of the Trade Facilitation Agreement and its impact on EPAs. He further expressed expectations that the EU would provide support for further areas of growth to those countries which had signed and ratified EPAs.

The representative of COMESA noted that the interim EPA agreement, currently being implemented by four countries, required modifications which could be incorporated into a full EPA. While progress had been made until 2011, the negotiations had now been blocked. The proposal made by the EU to only deepen the existing interim EPA was not acceptable to the region as it did not allow for further regional integration.

The representative of Jamaica took the floor to note good progress made in the implementation of the regional EPA, including the setting up of joint institutions and list of arbitrators. Good progress was also noted for trade in goods, where tariff liberalisation was well on schedule. There were, however, questions linked to the trade policy of the French outermost regions (ORs). These ORs, while benefitting from the EDF, apply different trade rules, which, in her opinion, prejudiced trade of the neighbouring Caribbean states. She also regretted the slow progress in concluding mutual recognition agreements in engineering and architectural services. Trade in services had been harmed by lack of an EU visa regime, as this had prevented the movement of professionals. Finally, she also expressed concerns about certain unfair and anti-competitive practices of tour operators from the EU, which marginalize local ground transportation providers. Reference was also made to the long-standing issue of visas, with the request made to the EU to consider the question again from the perspective of business visas and not as an issue concerning immigrants. She underlined the need for support for setting up the cross-border provision of services using internet based technology. The need for the implementation of Geographical Indications was noted, in respect of which they looked forward to future discussions on this issue.

The European Commission welcomed the openness of the Pacific region to continue the EPA process, as expressed by the representative of Vanuatu. A similar comment was made vis-à-vis Central Africa. In order to address specific questions made by the delegations, bilateral meetings were proposed.

The Commission underlined the opportunities created by the EPAs in terms of market access and regional integration, as well as of investment potential, and therefore job creation. However, they required deep and serious engagement by both parties to the implementation process. The request for support measures was also noted. The Commission shared a positive consideration of the beginning of the SADC EPA implementation. Concerning Kenya's comments, the Commission noted that it would provide support for the trade facilitation agreement. Finally, the Commission underlined the importance of private sector involvement in the implementation process. Reference was also made again to the proposal for the External Investment Plan, in the context of which the Commission was looking for ways to enhance private investment. On the visa issue, the Commission was in consultation with the Member States.

The Commission further clarified that the support for "value chains" would be one of the components of the dialogue in the context of the Mid-Term Review. Regarding the deadline of the end of March for finalisation of National EPA Implementation Plans, the Commission clarified that the date was a reference timeline, that it was important to maintain momentum on this topic, and that the plans were living documents which would be updated as necessary. The Commission also announced an increase in its assistance for trade facilitation as of 2017, in line with commitments made under the WTO Trade Facilitation Agreement. The importance of private sector involvement was underlined.

The ACP side concluded with an insistence that the end of March deadline be indeed considered as indicative.

4. ACP-EU trade regimes' issues

(a) Non-Tariff Measures

The ACP side opened by seeking information on the implication for ACP exporters of "plant products" of the new EU Plant and Health Regulation that came into force on 13 December 2016.

The EU responded by noting the difficulties faced by EU producers of plants attacked by particular insects. The EU had therefore acted through revision of the SPS measures. The implementation process would be launched soon, and it would allow the ACP side to be involved in this process. The Commission invited the ACP to stay alert and express its position in the implementation process. The Commission also noted that it would look into setting up possibilities to provide for financial support to the ACP countries facing new requirements stemming from implementation.

The ACP side responded by acknowledging that while every country had the right to set its phytosanitary conditions, this had to be carried out in line with existing international obligations, as set out under the WTO and under the Cotonou Agreement. It requested that the EU ensure prior consultations on such question and that sufficient financial support be provided to the ACP side to facilitate compliance.

The two sides agreed on the need for a dedicated presentation to the ACP.

(b) Modernisation of the EU's trade defence legislation

The representative of the EU briefly outlined the main elements of its proposal for the modernisation of the EU's trade defence legislation. She noted that a compromise on the text had been reached in the Council. The aim of TDI modernisation was to ensure the continued effectiveness of the EU's TDI in view of new global challenges. The Council compromise was fully in line with this goal. Following the compromise in the Council, discussions with the European Parliament could begin in mid-March 2017.

The purpose of the Commission proposal was to find solutions to practical problems in the area of trade defence and it was designed to benefit all concerned: European producers as well as traders and users of the merchandise subject to investigation/measures. The text currently on the table contained many elements which were directly for the benefit of traders.

The ACP side took note of the EU presentation and noted that it would continue to assess the implications of this proposal for the ACP states.

(c) Cooperation in tax matters

The ACP Co-chair noted that at the last meeting of the JMTC, the ACP had expressed concerns regarding certain EU Member States' action by which a number of ACP states had been blacklisted as non-cooperative tax jurisdictions. The ACP referred to the fact that OECD remained the only body to make such assessment. The ACP was deeply concerned by the unilateral action of the EU to proceed to develop an EU common list and wished to recall that the Cotonou Agreement provided for political dialogue under which consultations on such matters could have been held.

He asked for a response to their suggestion to suspend the process until proper consultation was carried out.

The EU responded in order to provide the ACP side with additional information on the ongoing process. The EU action was a follow-up to the Council Conclusions of 25 May 2016 on an External Strategy for Effective Taxation. Last year, the Commission had proposed to set up an *EU list of non-cooperative jurisdictions*, the objective being to move from an unclear patchwork of national systems towards the clear single EU list. The process was structured in three steps: the pre-assessment with the preparation of the scoreboard by the European Commission, the screening exercise, and eventually the listing phase under the responsibility of the Member States. Member States had called for the EU list to be ready by the end of 2017. At the November meeting of EU ministers, the Member States had agreed on the criteria and the process leading to the establishment of the list. The following criteria were to be applied: 1 - tax transparency, 2 - fair taxation, and 3 - implementation of anti-BEPS measures. The transparency criteria were very closely linked to the OECD work on that issue.

Each of the jurisdictions concerned had been informed end of January as to the next steps. The final listing would be established after the process of a dialogue between the Member States, the Commission and each individual ACP partner concerned, to take place in the course of 2017. The same procedure applies to the non-ACP countries concerned. This dialogue would be conducted by the teams of experts established by the Member States. The ACP countries concerned by this process were requested to contact the General Secretariat of the Council of the European Union in order to engage in this process. The Commission noted that it would work closely with third countries and with the OECD to ensure transparency and due diligence of the process. The LDCs were excluded from the listing process. The Commission concluded that this was a process of dialogue, the end result of which was not the list but the joint capacity to ensure overall good tax governance.

The Commission noted that it was not within its discretion to suspend the screening process which had been initiated by the Member States and which was carried out under their authority.

Reference was also made to the recently adopted EU Directive on Tax Avoidance, which formed part of the set of EU measures addressing this issue.

The representative of the Dominican Republic, speaking on behalf of the Caribbean region, reiterated its full condemnation of this EU initiative. In her opinion, principles such as mutual dialogue and the exchange of information had been violated. Reference was made to the existing mechanisms under the Cotonou Agreement and under the EPAs, where concerns expressed by any of the parties could be discussed, and which had not been applied in this case. She underlined the extent of the negative impact of the unilateral EU decision on the economy of the region.

The representative of Vanuatu expressed similar concerns and underlined again the need to take recourse to the existing mechanisms of dialogue as set out in the Cotonou Agreement.

The Republic of Mauritius also expressed concerns about the unilateral way in which the EU has blacklisted some of the ACP countries and urged the EU to align with the OECD standards. They underlined the risks stemming from the state of uncertainty provoked by this unilateral decision of the EU. They requested that the consultations be carried out swiftly.

In response to the observations made by the ACP states, the Commission referred to the process which was carried out in the Council. The Commission further clarified that at this stage, no EU list had been set up; to the contrary, the dialogue process was ongoing between the EU Member States and selected countries, including a number who were ACP countries. To this end, the Commission invited those countries that had not yet responded to the letter sent by the Chair of the Code of Conduct Group in January this year, to do so as soon as possible in order to facilitate the dialogue. This process would continue throughout 2017. By September 2017, the outcome of these bilateral discussions and the state of play would be presented to the Code of Conduct Group, and by the end of 2017, the Council would endorse the EU list of non-cooperative jurisdictions.

The ACP Co-chair concluded by reiterating its requests for the Article 12 Cotonou Agreement process and expected to receive a formal answer in respect of their concerns.

(d) Developments on EU negotiations with third parties, including update on the project of a Multilateral Investment Court

The EU Co-chair gave an overview of the state of play in the EU FTA negotiations. The Commission stressed that that no other agreement granted duty-free, quota-free access for all trade in goods from day one, nor did they have the same extensive transition periods and safeguards as EPAs. The FTAs provided only partial liberalisation in the form of tariff-rate quota (TRQ) openings on products of special interest to ACP, such as bananas, rum, sugar, rice and beef.

With regard to TTIP, the Commission underlined the EU's wish to stay committed to remaining very close partners with the US and to continuing co-operation on trade and investment issues. She noted that TTIP is now effectively on hold. Before deciding on the way ahead, the EU is waiting for the new US Administration to define its trade policy priorities. Both sides needed reassurance that there was sufficient common ground for taking the negotiations forward.

Turning to CETA, the Commission noted that the European Parliament's consent to CETA was an important milestone which paved the way for the Agreement to enter into force provisionally. The remaining element of the required Canadian implementing legislation was expected to be cleared by the Canadian Parliament promptly, which would enable provisional application to start as soon as possible, hopefully still this spring. Subsequently, both parties would be able to engage with one another to ensure prompt and effective implementation of CETA and thereby demonstrate its benefits for citizens and businesses at the earliest opportunity.

The Commission updated the Committee on FTA negotiations concerning Latin America, where negotiations were on-going with Mercosur (exchange of market offers in May 2016). A round of negotiations had taken place in Brussels in October, which would be followed by another round in March 2017. For Colombia and Peru an FTA was in place, and Ecuador had joined the agreement in January 2017. The implementation of the Association Agreement, including a trade pillar, with Central America (Honduras, Nicaragua, Panama, El Salvador, Costa Rica and Guatemala) was ongoing. Finally, negotiations had started with Mexico to update the existing FTA, and a similar process would be launched with Chile in 2017.

With regard to the countries of ASEAN, two FTAs with Singapore and Vietnam had been concluded but had not yet entered into force. The EU hoped to conclude the process and to allow for the provisional entry into force by early 2018.

Negotiations had started with the Philippines (first round in May 2016) and Indonesia (first round September 2016). Negotiations with Malaysia and Thailand as well as with India were currently on hold.

Regarding the possible impact on ACP countries, 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.

Turning to the plurilateral negotiations on the Trade in Services Agreement (TiSA), the Co-chair stated that negotiations had been one of the priorities for the EU and that the EU had used its chairmanship to advance the negotiations towards the end of last year. However, the Co-chair expressed regret that as a result of the outcome of the US elections and the unknown future of US trade policy (particularly in view of the negative stance taken by the US President towards multi-country trade agreements), the TiSA parties had agreed to pause the negotiations. The Commission remained confident, however, that TiSA could be brought to a conclusion very quickly once negotiations resumed.

Regarding the Multilateral Investment Court, the EU noted that its engagement in the past two years had been an ambitious process to develop a new approach to investment protection and investment dispute resolution. As a result, EU trade and investment agreements would include a new permanent transparent court-like system for resolving investment disputes (the Investment Court System), marking a fundamental shift away from investor-state dispute settlement (ISDS) that many countries knew from existing investment treaties. As part of these reform discussions, the idea of a single permanent multilateral court to resolve investment-related disputes was firmly taking hold. This global investment court would be open to all interested countries and would operate on the basis of principles such as permanency, independence, accountability and efficiency – principles which underpin other respected international tribunals and courts. The EU considered that this initiative, as contained in the Commission Communication of July 2015 entitled "Investment in TTIP and beyond" as well as in its "Trade for All" Strategy, could provide a real and effective solution to the problems afflicting the current fragmented system of ISDS, and would address the many concerns expressed concerning 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. The Commission communicated information about its intensified exploratory talks with third countries to build up interest in the initiative, including through a number of multilateral meetings held at the margins of UNCTAD and the World Economic Forum in Davos. A large degree of support from around the world had been noted. The initiative would now be discussed in the context of the forthcoming World Economic Forum in Durban in May. The Commission invited ACP partners to engage on the multilateral investment court project and expressed its readiness to provide further explanations at an information session set up specifically for this purpose.

Finally, Ms Gallina also addressed the issue of the Environmental Goods Agreement (EGA). She informed the Committee about meetings that had taken place earlier in Geneva. These had not delivered positive results. The EU's view was that there was a very broad consensus to finalise an agreement on the basis of a compromise proposal presented by the chairman at the talks. However, not all participants had demonstrated the necessary flexibility. China, in particular, had added unexpected elements to the discussions and had done so very late in the process. This had made it more difficult to find common ground. The Commission assured the Committee that the EU remained committed to reaching a high standard trade deal on environmental goods that would enhance global access to clean technologies and promote environmental protection.

The WTO MC11 could be the next potential milestone for giving political impetus.

The ACP Co-chair reiterated the ACPs' concerns on preference erosion, where EU FTAs reduce or eliminate tariffs on products competing with ACP exports. Fears were conveyed that the granting of more favourable access to established suppliers could neutralise some of the perceived benefits of the EPAs for ACP suppliers of particular products.

Regarding the Multilateral Investment Court, the ACP expressed it had not considered or discussed the EU proposal in full detail nor had taken a position on it. It welcomed the EU proposal to set up further information sessions on this issue. However, the ACP expressed its caution of any proposal that would recreate in another form a system that would allow investors to challenge Governments' legitimate rights to regulate in the interest of the environment, consumer protection and industrial development.

The two sides observed that funding the Court could be an issue.

(e) Commodities

(i) Update on ACP's new approach to commodities

The EU welcomed the good work that had been carried out by the ACP side and asked the ACP side for further details regarding the process.

The ACP Co-chair informed the Committee that the Symposium on the ACP new approach on support to agricultural commodities sector was held from 23 to 24 February and thanked the Commission for attending and participating in the discussions.

A number of comprehensive comments on the Policy Document had been received including stakeholders endorsing the three(3) Pillars of the new approach namely finance, capacity building and climate change. Stakeholders also called for the inclusion of the trade component among other areas.

In terms of procedure, the ACP side indicated that the Policy document was currently being refined after which it would be subject to internal processes before finalization, envisaged for the end of April.

(ii) Specific commodities

Cotton, sugar, bananas, kava and tobacco

On cotton, the ACP Co-chair informed the Committee that the ACP Group in collaboration with the Government of Burkina Faso would be hosting a Cotton week from 25 March to 1 April 2017 in Ouagadougou, Burkina Faso, to showcase achievements of the Cotton Programme and discuss future support to the cotton sector, in view of the impending closure of the Programme on 25 June. He therefore urged the Commission to support the event.

The representative of Mauritius took the floor on the issue of sugar. He provided an update on key developments on sugar which included the meetings with Director General Jerzy Plewa from DG AGRI. He observed that discussions have focussed on the implementation of the recommendations from the sugar study on "current and forecast market developments for ACP sugar suppliers to the EU market". The study notes that while Accompanying Measures for Sugar Protocol countries (AMSP) have undoubtedly helped industries to adjust to the new market environment, their contribution varies, such that most countries have not been able to achieve the goals set out in their National Adaptation Strategies. It was therefore agreed by the Joint ACP-EU Technical Committee on Sugar to set up a small joint working group which would undertake an in-depth evaluation of the recommendations with a view to arriving at a firm set of resolutions to be adopted before the end of March.

The representative of Mauritius indicated that the ACP Group remains concerned that despite the assurances of incomplete usage of the Voluntary Coupled Support, it still is quite substantial in terms of the effective sugar output from such acreage which will inevitably reduce ACP access and further depress the EU prices. This development, coupled with already declining EU prices, pose serious challenges to EPA/EBA suppliers as the end date of EU production quotas approaches.

The representative also expressed concerns regarding FTAs concluded and on-going FTA negotiations especially with respect to the implications on sugar and called for prior consultations as required under Article 12 of the Cotonou Partnership Agreement.

Finally, the Mauritian representative indicated that the Second Sugar Research Programme was in the process of finalisation and thus called upon the EU to render its support towards implementation of the projects.

The representative of Cameroon took the floor on banana-related issues, noting that the Banana Accompanying measures (BAM) were coming to an end. He reiterated concerns of banana producers about the price of this product. He repeated concerns expressed by the ACP representatives to the effect that if the EU were to introduce import duties below the 75 per cent threshold for other partners, this would have negative effects on ACP banana producers. The representative urged the Commission to maintain an open dialogue with the ACP side on the banana issue.

The representative of Vanuatu took the floor on kava-related issues. He was happy to note that kava was part of the new ACP approach to commodities. He further noted that a CODEX Standard had been developed on kava. He mentioned that on 12 February 2017, Australia had authorised the import of kava into their market and called upon the EU to consider adopting similar measures for the European market.

The ACP Co-chair noted concerns that EU tobacco regulation would have a negative impact on the production of tobacco and on people's livelihoods. While agreeing with the health concerns, he expressed the commitment of Zimbabwe to play a part in the regulation of the tobacco market. He noted that further work and financial support from the EU regarding the diversification of tobacco production was necessary to counter-balance the disadvantages to market access resulting from the regulation.

The EU Co-chair responded by reiterating the importance that the EU was attaching to the ACP-EU partnership on agricultural commodities.

On the issue of kava, the Commission recalled that, in fact, there was no single market for this product, thus competence regarding qualification of the product remains with the Member States. The Commission encouraged the ACP States to engage in a dialogue directly with the Member States concerned.

Regarding bananas, the Commission underlined the fact that the ACP States still enjoy very substantial preferences and privileged treatment compared with other EU partners. Aware of the sensitivity of the issue, it welcomed the setting up of the informal ACP-EU Banana Working Group to discuss an evaluation of the impacts of the Banana Accompanying Measures. In response to a recent note from the ACP countries, the Commission showed openness to the work of a joint Working Group on Bananas.

On the subject of sugar, Article 12 of the Cotonou Agreement served as a basis for consultations in complementarity for the specific working groups. The Commission further clarified that EU sugar reform would be completed in less than one year from now, when EU beet production quotas would expire. This had already incentivised both EU and ACP sugar producers to respond by aligning their production to market demands. The Commission suggested that, in addition to the current three pillars of the strategic paper, a specific chapter on business environment should be added. It was also proposed to carry out a reflection on how to limit financial risks of agricultural activity. Finally, an analysis could also be carried out regarding commodity exchange at the regional level. In this sense, the ACP document could become more business driven, and could allow further financial resources to be mobilised. The Commission remained vigilant to preserve the preferences on sugar enjoyed by the ACP countries when engaging in FTA negotiations.

The ACP noted the clarifications provided by the EU and further clarified that its new approach to commodities was based on "value chains".

5. WTO issues

(a) Preparations for the 11th WTO Ministerial Conference

The EU Co-chair noted its commitment to making the 11th WTO Ministerial Conference (MC11) in December 2017 a success, i.e. its commitment to delivering negotiated outcomes and not to have a housekeeping or solely 'mandating' ministerial meeting in Buenos Aires. In preparation for MC11, the EU underlined the importance to accelerate work on the following issues which had garnered the most attention among WTO members: domestic support in agriculture, fisheries subsidies, e-commerce/digital trade, domestic regulation in services, and the initiative to facilitate trade by SMEs by enhancing transparency of regulatory measures for trade in goods. The EU welcomed the active engagement of the ACP in the process, and noted a number of common areas between the ACP proposals and the EU ideas.

On fisheries subsidies, the EU shared ACP interest and was also of the view that an appropriate solution could only be achieved at a multilateral level. The EU noted that the outcome needed to be in line with SDG 14.6. While it understood the ACP sensitivities, the outcome could not simply exempt all activities in Exclusive Economic Zones from any discipline as this would effectively make the agreement worthless. Hence the EU proposal to link Special and Differential Treatment to the sustainable management of fish stocks. The EU reiterated its objective to work together with the ACP side to achieve these goals. The EU also noted the need for progress by MC11 on ecommerce; the advancement of which would benefit all WTO Members, including developing countries. The EU, aware of concerns expressed by developing countries, was ready to engage on all issues.

The ACP Co-chair welcomed the entry into force of the Protocol amending the TRIPS Agreement and the ratification of the Trade Facilitation Agreement. He underlined that at the MC11, the following issues should be taken into account: the centrality of the development assistance in trade, agriculture, and domestic trade distortion measures. The ACP reiterated its concerns about domestic trade subsidies, which continued to exist. In this respect, the ACP group had already submitted proposals regarding the gradual elimination of domestic subsidies and therefore called for EU support. They were also confident about a permanent solution regarding a food security mechanism. On fisheries, the ACP proposal was on the table and they were confident about obtaining EU support for it. Another crucial area was Special and Differential Treatment (SDT), for which a solution should also be found. Finally, regarding services, the ACP insisted that the necessary flexibility be provided in the negotiation according to articles IV and XIX of the GATS, to allow countries to make fewer commitments, in line with their development needs. On the e-commerce chapter and digital services, the ACP reiterated the necessity of including the development dimension in the ongoing discussions to enable the ACP group to have a fair share of the benefits of this commerce. The ACP was also looking forward to the 6th WTO Global Review of Aid for Trade.

(b) 6th WTO Global Review of Aid for Trade

The ACP noted its support for the 6th Global Review of Aid for Trade. However, the ACP Co-chair expressed concern about the decline in aid for trade funding and aid flows, particularly for least developed countries. While acknowledging EU's contribution, the ACP noted the need for engaging other OECD partners to increase funding for LDCs and other deserving developing countries.

The EU briefly mentioned its approach regarding this review. In June 2017 the EU would provide its annual report on EU Aid for Trade, which would also make known the EU policy regarding Aid for Trade. This would serve as the basis for establishing the EU position in advance of the meeting in Geneva. The EU noted that it had largely met its quantitative target, but it admitted that further improvement could be envisaged in the coherence of implementation and synergies with the value chain approach and the policy context of SDGs and the new EU Consensus on Development.

The ACP welcomed the EU presentation and invited it to participate in the side events organised at the margins of meeting in Geneva.

6. Trade-related capacity building programmes

(a) Review of the EU's Aid for Trade Strategy

(b) Implementation of Programmes

Given the extent of the information requested, it was agreed that the Commission would prepare a comprehensive information note addressing these two items.

7. Preparations for the next Joint ACP-EU Ministerial Trade Committee meeting (JMTC)

The date of the next Joint Ministerial Trade Committee (JMTC) was fixed for 20 October 2017. The agenda of that meeting would be worked out through consultations between the Commission and the ACP Secretariat.

The EU Co-chair proposed that the agenda and the format of the meeting be modified in order to allow for more interaction between the participants, leading to a more objective-focused meeting. The ACP welcomed this proposal and added that the future agenda should enable ministers to reach decisions at ministerial level in order to break through, among other issues, the recurring problems linked to the implementation of EPAs, in particular.

8. Any other business

Nothing was raised under this item.
