

## 1. RESULTS OF ACP TRADE MINISTERIAL MEETING – PREPARATIONS FOR WTO MINISTERIAL MEETING IN CANCUN

Following last week's report on the ACP Trade ministerial meeting on 31 July – 1 August, we can now provide you with the conclusions.

Regarding the state of progress in the ministers decided the following:

- Phase I of the ACP-EU trade negotiations should result in a binding outcome for both the ACP and the EU. The ACP Committee of Ambassadors should agree with the EU the necessary modalities in this regard.
  - In accordance with the ACP Negotiating Guidelines, ACP States or regions, which consider themselves ready, could begin Phase II negotiations in September 2003. They are urged to notify to the ACP Group through their configuration, mandate and timetable for Phase II negotiations.
  - Outstanding issues of common interest should continue to be addressed, during Phase II, at the all-ACP-EU level. The list of these issues would need to be agreed by the entire ACP Group.
  - The unity and solidarity as well as the cohesiveness of the ACP Group should be maintained in the entire negotiation process. A mechanism for monitoring the negotiations should be agreed by the ACP Group.
  - The ACP should reiterate the need for additional resources to be provided to them over and above European Development Fund resources through flexible and rapid disbursement procedures so as to address their supply-side constraints and support the adjustment costs, which Economic Partnership Agreements (EPAs) would entail.
  - As indebtedness of ACP States could impede the adjustments, which ACP countries would have to make as a result of EPAs, this issue should be addressed in the context of the EPA negotiations.
- On other developments regarding ACP-EU trade the ministers declared that:
- Studies should urgently be undertaken, on a product-by-product basis, on the impact of the Common Agricultural Policy reform on the production and trade in agricultural products of ACP countries.
  - A compensatory mechanism should be put in place by the EU for ACP countries that would suffer losses as a result of the Common Agriculture Policy (CAP) reform.
  - Special attention should be paid to the issue of subsidies concerning cotton, including establishing a financial compensatory mechanism for affected ACP States.

On EU enlargement, the ministers stated that:

- Comprehensive studies should be carried out to identify opportunities as well as challenges posed by the accession of the new members to the EU, notably in respect of market access for ACP commodities.
- The ACP calls on the EU to take urgent action to avert the threat posed to ACP banana exports to the EU, and to any other commodities, which may similarly be threatened.
- The ACP should make an assessment of the impact of the EU's proposals on market access in the WTO negotiations, on the preferences provided, *inter alia*, by the EU GSP. Appropriate compensatory mechanisms should be put in place by the EU for affected countries.

ACP ministers also adopted a declaration for the WTO ministerial in Cancun. This included among other things demands from the ACP for:

- WTO members to provide for the maintenance and security of preferences as currently granted to the ACP.
- WTO Members to ensure that the decision-making process at the upcoming Ministerial Conference in Cancun is transparent and inclusive, through the adoption of procedural rules.
- WTO Members, particularly the developed countries, to meaningfully address Special & Differentiated Treatment proposals made by developing countries.

- Improvement of market access for all agricultural products originating from ACP States.
- The need for the developed countries to eliminate export subsidies and reduce trade distorting domestic support significantly on certain products of interest to ACP countries.
- The setting up of a financial compensatory mechanism to cover the revenue losses resulting from export subsidies by developed countries.
- The need for the WTO to grant Permanent Observer Status to the ACP Group of States and ACP inter-governmental and regional organisations.

The Ministers appointed Hon. Jacob Nkate, Minister of Trade and Industry of Botswana, Chair of the 6<sup>th</sup> ACP Ministers of Trade meeting, as the ACP Group's overall spokesperson for the Conference and agreed to meet prior to and during the Conference to designate spokespersons for each of the subject areas to be identified for consultation during the Conference.

## **2. COMMISSION APPROVES 50 MILLION TRADE ASSISTANCE PROGRAMME FOR THE ACP – CONCERNS IN THE ACP ABOUT THE PROGRAMME**

The European Commission last week approved a € 50 million assistance programme for ACP countries to create capacities in ACP countries to benefit from increased trading opportunities in the context of the ongoing ACP-EU trade negotiations.

The programme, to be funded from the 9<sup>th</sup> European Development Fund (EDF) over the next 6 years, has three main components:

- Strengthening local capacities to formulate trade policies, while encouraging the participation of all stakeholders in the process.
- Assistance for ongoing trade negotiations by establishing a unique network of ACP trade experts. Senior advisers based in the secretariats of the regional organisations (“hubs”) will coordinate networks of junior advisers (“spokes”) installed in the trade ministries of individual countries.
- Funding of pilot projects to address urgent institutional and supply side constraints. Special emphasis will be put on enabling ACP countries to meet technical standards and sanitary and phyto-sanitary requirements, which currently represent a major obstacle to improving their export performance.

Commenting on the programme EU Trade Commissioner Pascal Lamy stated;

*“We need to ensure that the benefits from better trading opportunities translate into growth and development. Aid is therefore the necessary complement to trade. In the run up to the WTO Ministerial meeting in Cancun, it sends a strong signal that the EU is ready to deliver on the commitments entered into under the Doha Development Agenda (DDA)”.*

However many actors in the ACP have raised a number of questions and concerns about the programme and the process in which it was agreed.

Firstly according to some ACP sources, though the idea for the programme originated from the ACP, ACP initial ideas on the design of the programme were rejected. Subsequently there was very little discussion between the EU and the ACP on the new design on the programme though other organisations by the Commonwealth Secretariat, in collaboration with the “Agence intergouvernementale de la Francophonie were consulted. These organisations are co-financing parts of the programme.

Secondly while the ACP had initially called for the programme to be funded by resources additional to that in the EDF, the EU decided to draw solely from the 9<sup>th</sup> EDF.

Other concerns by some in the ACP about the Commission's proposal include the following:

- The proposal does not address ACP concerns of making ACP products more competitive;
- Conditionalities are attached to the funding;
- The Commission's proposal could mean that trade experts from ACP countries could be taken to other ACP countries/region to build capacity there while they are still needed in their own countries. Notably the Commission's proposal does not cover all ACP regions and it is unclear how countries and regions will be identified to benefit from the programme;
- The 6-year period of coverage proposed by the Commission is not long enough.

For more information on the Commission proposal see: [http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/pr250703\\_en.htm](http://europa.eu.int/comm/trade/issues/bilateral/regions/acp/pr250703_en.htm)