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Subject:	Achieving Inclusive and Sustainable Prosperity through Trade and Investment: Updating the joint EU Strategy on Aid for Trade - Council conclusions (11 December 2017)
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Delegations will find in the annex the Council conclusions on Achieving Inclusive and Sustainable Prosperity through Trade and Investment: Updating the joint EU Strategy on Aid for Trade, as adopted by the Council at its 3587th meeting held on 11 December 2017.

Council conclusions**Achieving Inclusive and Sustainable Prosperity through Trade and Investment:
Updating the joint EU Strategy on Aid for Trade**

1. Aid for Trade (AfT) is an essential means of implementation for the 2030 Agenda on Sustainable Development and the achievement of the Sustainable Development Goals. As underlined in the European Consensus on Development¹, the EU and its Member States will promote AfT to eradicate poverty in developing countries by assisting them to leverage trade and investment, strengthen inclusive, sustainable growth, create decent jobs and promote regional integration.
2. In line with these overall objectives, the Council welcomes the Commission Communication 'Achieving prosperity through Trade and Investment: Updating the 2007 Joint EU Strategy on Aid for Trade'.² The Council encourages swift implementation of the proposed actions aimed at enhancing the economic and sustainability impact of EU AfT, building on the vast array of relevant policies and instruments at the EU's disposal.
3. Recalling its previous conclusions related to aid for trade³, the Council notes that, since the World Trade Organisation launched the Initiative in 2005, EU AfT has contributed to mainstreaming trade in the development strategies of partner countries and has mobilised predictable financing in support of their integration into and benefit from world and regional trade. However, not all developing countries and in particular Least Developed Countries (LDCs) have been able to reap the benefits of international trade.

¹ OJ C 210, 30.6.2017, p. 1

² 14312/17 - COM(2017) 667 final

³ The EU and Responsible Global Value Chains (8833/16), Financing for Development (9241/15), Private sector in Development (11149/14) and the EU's approach to trade, growth and development in the next decade (7412/12)

4. The EU and its Member States together are the biggest AfT donor worldwide, providing more than EUR 13 billion in support of trade and productive capacities in 2015.⁴ Many developing countries have benefited from AfT by the EU and its Member States during the last decade but allocations to LDCs and countries in situations of fragility or affected by conflict have stagnated. Underuse of the opportunities offered by EU trade instruments and fragmentation of AfT have also hampered greater impact.
5. In this context, the Council calls upon the Commission to promote measures that effectively address the fragmentation of EU AfT by making better use of various development financing tools and aid modalities, particularly at the implementation level in partner countries. In this regard, the Council underlines that AfT should be used effectively to strengthen productive capacities and private sector development in partner countries. The EU and its Member States will improve the coordination and coherence of their AfT with other forms of assistance, and increase its leverage through blending instruments, risk-sharing guarantees, technical assistance and capacity building as exemplified by the External Investment Plan, in particular supporting the improvement of business and investment climate objectives within its third pillar.
6. The EU and its Member States will also, working with partner countries, enhance the coherence of AfT with other EU policies and instruments including trade policy, notably Free Trade Agreements (FTAs), Economic Partnership Agreements and the Generalised Scheme of Preferences (GSP) in order to support developing countries' integration into regional and global value chains and to foster regional economic integration in this respect. The EU and its Member States highlight the importance of providing support to the implementation of international labour and environmental standards which form integral part of EU's new generation of trade agreements and the GSP+.

⁴ Source: EU Aid for Trade Monitoring Report 2017

7. The EU and its Member States reaffirm their commitment to the development effectiveness principles and in that regard underline the demand-driven nature of EU AfT, responding to the specific capacities and needs of each partner country. The EU and its Member States will further increase the impact and effectiveness of their AfT by using a more evidence-based approach to the formulation and implementation of AfT initiatives and thus target obstacles to trade and investment.
8. The Council recalls the important role of the private sector in identifying needs and encouraging reforms in the business and trading environment at national, regional and international levels. In this regard, the EU and its Member States will deepen their dialogue and cooperation with the private sector, including micro, small and medium enterprises, to increase the impact and relevance of AfT, as exemplified by the establishment of the Sustainable Business for Africa platform under the EIP, and building on networks of business groups and chambers of commerce. The Council also calls on the Commission to integrate the perspectives of civil society, social partners and local authorities to enrich policy dialogue and decision-making processes, improve AfT delivery and better monitor results. The effective participation of civil society, including in the Domestic Advisory Groups of the EU FTAs, should be strengthened.
9. The EU and its Member States will pay particular attention to sustainable quality infrastructure, compliance with standards, sanitary and phytosanitary measures, trade facilitation, including the WTO Trade Facilitation Agreement, and digitalisation within their AfT assistance. The EU and its Member States will also continue to use AfT to attract foreign direct investment and support sustainable and transparent public procurement, improve regulatory frameworks as well as to develop sustainable agricultural markets and fisheries in partner countries.

10. The Council recognises that EU trade, investment and AfT can help to build resilience, strengthen institutional capacity building and lay foundations for sustainable and inclusive economic development. AfT can be an effective driver for promoting human rights, gender equality, women's economic empowerment, female entrepreneurship, good governance, the rule of law, responsible business conduct, social and environmental sustainability and addressing the root causes of irregular migration. The Council stresses that AfT should contribute to the implementation of the Paris Agreement on Climate Change and thus help climate change mitigation and adaptation in developing countries. The EU and its Member States will take into consideration these crosscutting issues when formulating AfT programmes to ensure a strong and rigorous analysis of the impact of AfT implementation on these policy areas.
11. The EU and its Member States underline their commitment to increase AfT efforts for LDCs, countries in situations of fragility or affected by conflict. The Council welcomes the Commission proposal to increase progressively the proportion of EU AfT channelled to LDCs, countries in situations of fragility or affected by conflict with the aim of achieving the levels defined in the AfT Communication by the Commission⁵. The needs of Landlocked Developing Countries and Small Island Developing States, for whom trade facilitation and trade infrastructure are key development drivers, should be taken into account. The EU and its Member States will also pursue engagement on AfT with Middle Income Countries, including on capacity building, and develop diversified and tailored approaches to cooperation with more advanced developing countries, focusing on areas of mutual interest, and promoting triangular and south-south cooperation.
12. The EU and its Member States will strengthen EU AfT by improving the use and quality of monitoring and evaluation in order to track progress made towards specified results indicators, assess the impact of EU AfT more accurately and identify best practices.

⁵ 14312/17 - COM(2017) 667 final

13. The EU and its Member States reaffirm their commitment to pursue a more strategic AfT approach in collaboration with other development partners, and multilateral organisations notably WTO, the OECD and the UN thus contributing actively to the global discussions about improving further the AfT Initiative. The Council stresses the need to promote the relevant international principles on responsible business conduct and encourages synergies with other relevant processes, including G20 initiatives.
 14. The Council calls for swift implementation of the updated AfT strategy by the EU and its Member States. The Council also invites the Commission to present regular updates on progress and results made within the existing reporting framework.
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