

ACP-EU COTONOU AGREEMENT

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

**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 21 February 2019
(OR. en)**

ACP/61/004/19

ACP-UE 2101/19

DRAFT MINUTES

Subject:	Draft minutes of the 16th meeting of the Joint ACP-EU Ministerial Trade Committee
Date:	26 October 2018
Venue:	Albert Borschette Congress Centre (CCAB), Rue Froissart 36, 1040 Brussels

The Joint ACP-EU Ministerial Trade Committee held its 16th meeting in Brussels on 26 October 2018 under the chairmanship of Mr Lautafi Fio Selaŋi Purcell, Minister of Commerce, Industry and Labour of the Independent State of Samoa.

The meeting was co-chaired by Ms Cecilia Malmström, EU Commissioner for Trade.

1. Adoption of the agenda

The provisional agenda was adopted as set out in document [ACP/61/057/18 Rev 1 – ACP-UE 2120/1/18 REV 1].

2. Approval of the draft minutes of the Joint Ministerial Trade Committee held on 20 October 2017 and consideration of matters arising

The Committee approved, with two minor editorial changes, the minutes of the 15th meeting of the Joint ACP-EU Ministerial Trade Committee as set out in document [ACP/61/027/18 - ACP-UE 2109/18].

3. Post-Cotonou negotiations: update on trade cooperation

Minister Purcell gave the floor to Commissioner Malmström to introduce the item.

Commissioner Malmström opened the discussions by informing the meeting that negotiations on the post-Cotonou process had been launched at the end of September in New York by Commissioner Mimica, the EU chief negotiator, and Mr Dussey, the Minister of Foreign Affairs of Togo, who was leading the ACP central negotiation team. The first technical negotiation round had taken place the previous week in Brussels. The Commissioner noted that the parties would have to draw up an ambitious schedule given that the aim was to conclude negotiations by the summer of 2019. She expressed the hope that the EU could count on all ACP States to make this a fruitful process and agree on a framework which matched the level of ambition.

The main objective of the ACP-EU joint endeavour (20 years after the signature of the Cotonou Agreement) was to modernise the EU's relationship with the countries and related regions of Africa, the Caribbean and the Pacific. The Commissioner stated that both sides were seeking a comprehensive political agreement, setting a modern agenda framed by the internationally agreed sustainable development agenda and going beyond a traditional development dimension. She added that, in the increasingly globalised world of today, it was more necessary than ever to address trade and development issues in a holistic manner and that the focus should be on creating the right conditions for investment, value addition and inclusive growth to boost job creation.

The Commissioner explained that in the negotiations the aim was therefore to encourage better conditions for increased investment, economic diversification, private sector development, economic integration and enhanced trade. As concerns trade and investment, the post-Cotonou process should encourage the two sides jointly to take all necessary measures to reap the benefits of the stable and predictable framework provided by Economic Partnership Agreements, including the possibility for widening and deepening these agreements where appropriate.

The Commissioner said that the Economic Partnership Agreements (EPAs) had been a major step towards modernisation of the ACP–EU trade partnership and that what was needed was a strong focus on reaping the benefits of those Agreements, as well as to look beyond trade in goods and extend these agreements to areas currently not covered by all agreements, such as services, investments, intellectual property rights, trade and sustainable development, among others. She added that these were all crucial elements of a conducive business climate, necessary to attract much-needed investment in productive activities.

Commissioner Malmström concluded by stating that international cooperation remained a key element that needed to be exploited further, particularly in the context of the WTO and also in the UN, where ACP and EU States together represent more than half of the membership.

Minister Purcell acknowledged that the negotiations had started in earnest and looked forward to the next session, scheduled for 5 November, and subsequent sessions. He emphasised that, as the negotiations progressed, particular attention would be paid to cooperation arrangements that guarantee sustainable development, which allows ACP countries to safeguard their policy space and move up the value chains.

He pointed out that one of the strategic pillars of the ACP negotiating mandate was 'Trade, Investment, Industrialisation and Services'. The ACP side therefore expected the future cooperation to assist in implementing trade, investment, industrialisation and services policies that would positively address the challenges associated with inequality, poverty, underdevelopment and vulnerability in the ACP-EU shared pursuit of sustainable development.

The Minister further expressed the wish to see the continuation of financing mechanisms in the new agreement, to facilitate the implementation of Aid for Trade commitments, at the level of the partnership. This support should also contribute to building and scaling up the capacity of the ACP public and private sector to take advantage of ACP regional and continental trade arrangements including the Economic Partnership Agreements (EPAs).

Regarding the EPAs, he pointed out that the Joint ACP-EU Council had agreed earlier in 2018 on the need to set up a joint ACP-EU implementation, monitoring and evaluation mechanism that can support the EPA process through sharing of information and experiences among the EPA regions. He underlined that such a mechanism should be carried over in the post-Cotonou process and lead to improved knowledge and adoption of good practices.

Minister Purcell stated that the ACP Group would therefore seek to enhance intra-ACP trade relations by ensuring that the Post-Cotonou Agreement is aligned to and supports the implementation of regional agreements such as the Pacific Island Countries Trade Agreement (PICTA) and the Tripartite and Continental Free Trade Areas, which were useful building blocks for exploring the comparative advantages of an all-ACP Trade Framework.

He stressed that the two sides should ensure that the Post-Cotonou Agreement includes modalities to facilitate the 'deepening' of interim Economic Partnership arrangements.

The Minister finally declared that the future trade cooperation should be coherent and supportive to the aspiration of ACP countries to fully take advantage of the forthcoming fourth industrial revolution, in which the people of the ACP States would play a leading role.

The representative of Jamaica welcomed the commencement of negotiations and hoped that the parties could finalise the process within the foreseen timetable, thus allowing a timely entry into force of the agreement. She underlined that economic growth, trade and development, as well as the implementation of Agenda 2030, needed to be mainstreamed throughout the text, reflecting the ambition of the EU and the ACP States to work together in order to manifest the Sustainable Development Goals (SDGs) in all countries at various levels of development. She further explained that the empowerment of women and young people should be highlighted as a cross-cutting issue and an indispensable element for economic growth and investment.

The representative of Tonga, speaking on behalf of the Pacific ACP States, expressed their satisfaction at the fact that the ACP Group was prevailing as a single unified entity to negotiate and put in place the new agreement. He pointed to the priorities of the Pacific region, which needed to be reflected in the future agreement – namely, ocean governance, safeguarding of natural resources, blue economy, climate change mitigation, disaster resilience, small and medium enterprises (SMEs), empowerment of youth and vulnerable groups. Moreover, he expressed the group's commitment to stepping up trade and investment relations.

Commissioner Malmström took good note of the comments made and expressed agreement with them. She stated that empowerment of women and young people in trade was very important for the Union and acknowledged that the issue was to be mainstreamed during the negotiation process. She also informed the meeting that the EU side had already started work to operationalise the Joint Declaration on Trade and Women's Economic Empowerment made at the 2017 WTO Ministerial in Buenos Aires and gave assurances that ocean governance and the SDGs would be covered in the future agreement.

4. ACP-EU Economic Partnership Agreements – state of play

Minister Purcell gave the floor to Commissioner Malmström to introduce the item.

Commissioner Malmström reported to the meeting on the progress on the Economic Partnership Agreements, saying that there had been some interesting developments since the meeting in 2017 that were worth sharing. She pointed out that 29 ACP countries were currently implementing Economic Partnership Agreements with the EU, another 21 countries had concluded negotiations and a number of others had expressed interest in joining.

Starting with **Africa**, the Commissioner noted that 49 Members of the African Union had signed the African Continental Free Trade Area and that the European Union was supporting this initiative politically, financially and through trade agreements, which were already contributing to greater trade openness on the African continent. She said that Commission President Juncker's proposal for an Africa-Europe Alliance reserved a special place for the African Continental Free Trade Area. She added that, once implemented, the Continental Free Trade Area could be the basis for an Africa-Europe continent-to-continent free trade agreement in the long run.

Meanwhile, existing EU trade agreements with Africa should be exploited to the full as building blocks towards the African Continental Free Trade Area. She further noted that the experience and expertise that the ACP States together with the EU were already accumulating under the Economic Partnership Agreements should be fully available to complete the African Continental Free Trade Area. All the work that was being done on tariffs, rules of origin, trade defence measures and dispute settlement, among other issues, should contribute to the successful realisation of the internal African agenda.

She added that boosting capacities and competitiveness, on which the two sides were already working, should also be intensified in order to contribute to the fruitful establishment and implementation of the African Continental Free Trade Area.

Commissioner Malmström stressed that Economic Partnership Agreements between Europe and African countries and regions can and should promote trade openness and integration on the African continent. She recalled that African and European leaders, at their Summit in Abidjan, had expressed support both for the African Continental Free Trade Area and for full implementation of the Economic Partnership Agreements.

Turning to the specific EPAs, in **West Africa**, the Commissioner congratulated **The Gambia and Mauritania** for signing the Economic Partnership Agreement with the European Union. Both countries had integrated trade partnership with Europe into their development agenda and economic integration strategies. By signing the West African EPA, 15 West African countries had signalled their wish to enter the ratification and implementation stage. The Commissioner expressed the hope that the one missing West African country could sign soon. Ratification and implementation of the regional EPA would replace the partnerships with **Côte d'Ivoire and Ghana** and re-establish such economic partnership at the regional level. She stated that this was the best way of starting implementation of the economic partnership between the European Union and all West African countries that were ready and willing to do so collectively.

In the **East African Community**, a signal was still awaited from its five members that they were ready to move ahead with the Economic Partnership Agreement that had been explicitly designed to support economic integration and greater trade openness within this region. The Commissioner encouraged EAC members to sign, ratify and implement this Agreement so that it can serve as an anchor for East Africa's regional economic integration and as a building block towards the African Continental Free Trade Area.

She noted that the proposed Alliance between Africa and Europe would also benefit from closer cooperation within the existing Economic Partnership Agreements. This was why the European Union was working hard with four Eastern and Southern African States to deepen their partnership by adding trade in services, investment and trade and sustainable development to the existing Agreement.

The Commissioner highlighted the fact that better use could be made of existing Economic Partnership Agreements by proposing them to other African ACP countries. She welcomed the signature of the Eastern and Southern African interim EPA by **Comoros** and looked forward to its ratification and implementation. She also invited the **Central African States** in CEMAC and beyond to join the Economic Partnership Agreement between the European Union and **Cameroon**. The aim was to ensure that these Central African States benefit fully from the Alliance proposed by the European Commission.

She noted that the Economic Partnership Agreement between the European Union and the **SADC EPA States** had been applied for two years and looked forward to the first meeting of the EPA Council in early 2019.

On the Caribbean region, the Commissioner pointed out that the Caribbean EPA had been implemented for nearly 10 years now and was still unique in its scope and in the number of participating countries, which included 14 Caribbean States. She expressed the hope that **Haiti** would be able to ratify and implement the Agreement soon.

Commissioner Malmström declared that the Caribbean EPA could show the way in a number of fields, including monitoring and evaluation, and said that the parties were closer to setting up a mechanism for monitoring the effects and functioning of this Agreement. She also reminded the meeting that preparations were ongoing for the second five-year review of the Agreement, a crucial experience to be shared with other EPA countries and regions.

As for the **Pacific**, three Pacific States had notified their decisions to join the existing economic partnership between the European Union, **Fiji** and **Papua New Guinea**. The Commissioner expressed her hope that the accession of **Samoa** to this agreement would be finalised by the end of the year and noted that discussions were also ongoing with the **Solomon Islands** and **Tonga** to prepare for their accession to the existing EPA. She looked forward to welcoming Samoa, the Solomon Islands and Tonga, and other Pacific States to the Economic Partnership Agreement.

Minister Purcell thanked the Commissioner for the comprehensive statement on the EPA process and informed the meeting that the ACP Ministerial Trade Committee had also been updated by representatives of the EPA configurations, and their briefing had concurred to a large extent with the Commissioner's intervention.

He emphasised that most ACP States were committed to the EPAs. However, the necessary progress had not been made in different regions due to a variety of reasons. He noted with concern that, as a result, a majority of ACP States had remained outside the EPA framework and were trading under different regimes: the EU's GSP Everything but Arms, GSP normal, GSP plus or Most Favoured Nation (MFN) terms. He stated that the ACP side would like to see how issues preventing more ACP States from joining the EPAs could be addressed.

The Minister underlined that some states had expressed interest but were constrained by the implications of EPAs for their economies, while others were uncertain about the impact of Brexit on the EPA process as the UK was their main trading partner within the EU. He reiterated the call for a flexible approach to the EPAs that takes account of the concerns of these countries.

He explained that in order to respond to some of the concerns, the ACP side would like to engage with the EU in open dialogue on the effects of the post-Brexit scenario on ACP–EU trade relations, including cumulation, so as to preserve the existing value chains between the ACP countries, the EU and the UK.

In summary, he reiterated the call for flexibility in resolving outstanding issues with regard to those ACP countries facing difficulties in signing the EPA in its current form. He recommended that the ACP Group should seek the assurance of the EU that the rules applied provide a level playing field for all parties, including acceding countries. It was crucial that the accession path be equitable and pave the way for future accessions of other Pacific ACP States and also of relevant African ACP States in their respective EPA configurations.

On implementation, Minister Purcell stated that the experience of the CARIFORUM continued to provide useful lessons for other regions that had recently concluded agreements and those that were still negotiating. He added that it should be reiterated that EPAs must be real development tools that go beyond trade liberalisation by helping to foster ACP competitiveness, develop regional value chains, address supply-side and trade-related infrastructure constraints, help strengthen regional integration and build production and export capacity in order to benefit from trade opportunities.

The Minister therefore called upon the EU to uphold the development dimension of EPAs and ensure effective access of ACP goods and services to the European market. He explained that for some ACP States this could be done by facilitating conclusion of Customs Cooperation Agreements with EU Overseas Countries and Territories as well as eliminating dock dues in 2020.

He further pointed out that the EU should give greater consideration to the importance of cumulation under the rules of origin, to continue the promotion of regional value chains, bearing in mind that the ACP Agreement on mutual commitment to administrative cooperation in customs matters seeks to facilitate cumulation within the Group.

The Minister then invited the representatives from the ACP States to share their views on some of the issues raised.

The representative of South Africa said that it should be ensured that EPAs contribute to regional integration and play a key role in fostering industrialisation and development of value chains. He underlined that civil society involvement in the implementation of EPAs should be facilitated and close cooperation needed to be pursued to this end. He also mentioned the need to retain the policy tools designed to promote job creation and preservation.

The representative of Jamaica pointed out that EPAs are important tools for economic growth, development and job creation. She pointed out, however, that ratification of the Caribbean EPA by four CARIFORUM states was still pending. She also referred to some challenges in implementation which were preventing the EPA from achieving its full potential, expressing concerns about trade and non-trade regulations, as well as other barriers for exports which hinder market access. She stressed that the EU's visa waiver still had its limitations as it was only facilitating movements of short-term visitors but not mobility for economic purposes. She also underlined that the Protocol on cultural cooperation under the Caribbean EPA should be activated in order to further the temporary movement of cultural practitioners. In a similar vein, EPA provisions relating to technology and innovation, in particular technology transfer, needed to be operationalised to make development priorities a reality. She also enquired when the decision of the Joint Council to set up a subcommittee on services would be implemented.

The representative of Mali urged the EU to simplify 'Everything But Arms' (EBA) procedures and to facilitate market access for locally processed products. He drew attention to the challenges that Malian exporters faced, such as procedural obstacles, technical inspections, quality restrictions and additional taxes. He expressed the view that post-conflict countries and LDCs like Mali should benefit from simplified EBA procedures to ensure that they can develop their economies. In this context, he also underlined the substantial role of trade capacity-building programmes, pointing out that although Mali was a major cotton producer in Africa, it had not been able to capitalise on this situation.

The representative of Zambia indicated that, to achieve a credible outcome in the negotiations on deepening the EPA between the EU and the ESA4 sub-region, all 11 ESA states should engage. He also stated that real market access had become difficult due to the tightening of sanitary requirements by the EU and highlighted the fact that the outstanding issues needed to be solved through true partnership with the countries concerned.

The representative of Congo regretted that Cameroon had ceased to be in line with the rest of the region ever since it started implementing the stepping stone EPA, and proposed resuming negotiations to work towards a balanced regional EPA.

Commissioner Malmström acknowledged or replied to each question (the latter one bilaterally because it was raised under another agenda item). On civil society, she agreed with the need to involve non-state actors in EPA implementation on a continuous basis. On monitoring, she concurred on the importance of the issue, which falls under the responsibility of the respective EPA Parties, and welcomed the progress in setting up monitoring mechanisms. On the establishment of the services subcommittee in the Caribbean EPA, she confirmed that the trade and development committee that would take place in St Lucia next December would take the issue forward. On the possibility of expanding the scope of the ESA interim EPA, she pointed out that other ESA countries could be observers in this process and that the agreement is open for countries in the region to join and actively participate in the deepening negotiations.

Minister Purcell concluded the item by saying that the meeting had taken note of the statements delivered by the two sides and that the ACP States and the EU could agree to continue their engagement on the EPA process in a constructive and credible manner, with a view to finding mutually satisfactory outcomes that address the challenges that had been highlighted.

5. ACP-EU trade regime issues:

(i) State of play of the Brexit process

Minister Purcell gave the floor to Commissioner Malmström to introduce this item.

Commissioner Malmström informed the meeting that negotiations with the United Kingdom on its exit from the European Union were still ongoing and that the UK would no longer be an EU Member State as of 30 March 2019. At the European Council (Article 50) on 17 October 2018, EU27 leaders had reviewed the state of the negotiations on the Withdrawal Agreement and the framework for the future relationship. The EU had worked intensively with UK negotiators in the run-up to that European Council, which had led to some progress on important issues; however, it had not been possible to reach a global agreement. The leaders had declared their readiness to convene another European Council, if and when the chief negotiator reported that decisive progress had been made.

She added that the EU and the UK were continuing the work on key aspects of the Withdrawal Agreement and the framework for the future relationship and that there would be no certainty on any part of this Agreement until its final ratification. The Commissioner further clarified that during the transition period the full EU *acquis* would apply as if the UK were still an EU Member State, which meant that the UK would continue to participate in the EU Customs Union and the Single Market and all Union policies including trade policy. She pointed out that since the EU's international agreements formed part of the *acquis* covered by the transition period, the UK would be bound by the obligations stemming from all EU international agreements; this meant, for example, that ACP countries would have access to the UK market under the conditions set out in the EU's current arrangements.

She explained that during the transition period, the UK could nevertheless prepare its future post-transition and could therefore negotiate, sign and ratify its own international agreements. Such agreements could not, however, enter into force or apply during the transition period unless the EU authorised the UK to do so.

Finally, the Commissioner reassured the ACP Group that the EU would notify its international partners of the consequences of the UK's withdrawal from the EU, and that during a transition period the UK should be treated as an EU Member State. This notification would ordinarily take place once there was sufficient certainty about the outcome of the ongoing negotiations on the UK's withdrawal after signature of the Withdrawal Agreement. She also underlined that, in parallel, it was important that all stakeholders be prepared for all outcomes, including a 'no deal' scenario, which was neither a desired nor a likely outcome.

Minister Purcell thanked the Commissioner for the thorough update and said that the ACP had had the opportunity as a group to engage with the UK Minister for Trade Policy two days previously, and had received answers to some of their queries. He stated that, nevertheless, the ACP's concerns on Brexit still remained, in that the process had so far not provided a direction on what to ultimately expect.

The Minister added that the focus had understandably been on the future of EU-UK relations without much attention being given to third parties, such as the ACP Group, with which the EU had a partnership and had commitments to meet. He added that the ACP was calling for guarantees that the benefits of preferential access to the United Kingdom's market in a post-Brexit framework would be preserved and that there would be no trade disruption following the UK's exit from the EU.

Lastly, he gave the floor to the representatives from the ACP side to elaborate on some of the issues raised.

The representative of South Africa underscored the prominent role of the EU and the UK as major trading partners for the ACP States, whose value chains and supply chains are deeply integrated into the value chains of the EU and the UK. He explained that all ACP States would be affected by the UK's withdrawal, especially in the case of a no deal scenario. He insisted that discussions were needed in order to develop pragmatic approaches that would help avoid trade disruptions.

Commissioner Malmström reiterated that the decision made by UK citizens to leave the EU must be respected. On 30 March 2019, the UK would become a third country and a transition period would start after which the UK would no longer be party to any of the EU's international agreements. She underlined that the consequences of the withdrawal would affect everyone and provided assurances that the EU would keep ACP partners updated on the issue.

Minister Purcell concluded the item by stating that the meeting had taken note of the update provided by the EU side and could agree to continue the joint engagement as the process unfolds on Brexit.

(ii) Non-tariff measures

Minister Purcell stated that certain restrictive policies, practices and actions, other than tariffs, taken by the EU were continuing to have an adverse impact on ACP-EU trade and that the ACP side observed that these non-tariff measures had the potential to nullify market access that had already been granted.

Moreover, the ACP side was seriously concerned about the implications of the new EU Plant Health Regulation, which would be fully applicable from 13 December 2019. The ACP States' understanding was that competent authorities and operators in ACP countries would be expected to adjust to the new rules. The Minister pointed out that the rule under which all living plant material could only be imported into the EU if accompanied by a phytosanitary certificate was fairly 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.

In this regard, he reiterated the ACP side's call for the ACP countries to be regularly informed of updates on high-risk products, in accordance with the provisions of Article 12 of the Cotonou Partnership Agreement. Ultimately, as guided by the same Cotonou Agreement, he called on the EU to respond to this new trade barrier by mobilising resources to build capacity in the ACP States to facilitate access of ACP products to the EU market.

He further stated that the ACP side had been informed that a lack of information and of timely communication had caused serious trade disruption and financial loss for many ACP exporters in the recent period. He therefore urged the EU to be more transparent about the EU interception system by providing data and relevant information, on an ongoing basis, on ACP products that were intercepted.

Coming to an issue which had been brought to the attention of the two sides and had been on the agenda for some time and which was still unresolved, the Minister expressed his intention to use the JMTC to again call upon the EU to review the citrus black spot (CBS) measures implemented against South Africa, in view of the high costs of adhering to the EU's implementing decision and emergency measure, before the next citrus export season. He further called upon the EU to facilitate the process for including ACP countries on the list of approved exporters for agro-processing products when all EU conditions are met. Finally, he called on the EU to maintain the development component of the EBA regime, while further simplifying the procedures and eliminating all duties and taxes associated with market access for local processed products.

Minister Purcell lastly gave the floor to the representatives from the ACP side to elaborate on some of the issues raised.

The representative of South Africa expressed concerns about the emergency measures the EU had taken as a response to citrus black spot disease, since they had had a severe impact on citrus exports and had caused high costs to industry. He stressed that it was imperative that this issue be resolved before the next export season and that South Africa stood ready to engage constructively in the process.

The representative of Kenya noted that the EU was an important export partner and there was a need to protect this export potential, which contributed to delivering on SDG 1. However, in certain cases market access was hindered by sanitary restrictions and other requirements (in particular, regarding exports of beans), an increase in import controls, and non-notified interceptions of food products. Exporting countries were not always given the opportunity to remedy non-compliance. Kenya would nevertheless continue to put in place corrective measures despite the fact that it was facing challenges in adopting EU sanitary standards. He called on the EU to provide technical and financial assistance for capacity building, including the construction of fumigation facilities, in order to facilitate compliance with EU regulations.

Commissioner Malmström reminded the meeting that the EU's new Plant Health Regulation, which is a legal act based on scientific evidence, would become applicable in December 2019, as notified to all non-EU countries. As from the date of application, phytosanitary certificates would become compulsory. She pointed out that WTO trade partners, including ACP States, could send their comments to the Commission until 25 November and that the list of high-risk plants was fairly limited. She explained that the EU was open to providing technical support and assistance for the countries that make a request to this effect. As for the citrus black spot issue, she shared the concerns that had been expressed, as citrus exports from South Africa were a success story, and said that it was being discussed bilaterally together with questions relating to poultry.

Minister Purcell concluded the item by stating that the meeting had taken note of the statements made on both sides and agreed to take action in the areas that had been mentioned.

(iii) Commodities and fisheries

Minister Purcell started discussions on this item by updating the EU side on the good progress that had been made with regard to the ACP New Approach on Support for the Development of the Agricultural Value Chains endorsed by ACP Ministers last year. He said that the ACP States had produced a Framework Programme on the Development of Agricultural Value Chains which focused on supporting actors along the value chain, including family farms, MSMEs, women and youth, and aimed to address challenges in the areas of finance, capacity building, trade and investment and climate change. He further explained that the intention was to use this programme to promote value addition, address supply-side constraints and facilitate diversification. In this way, the programme would contribute to enhancing intra-ACP trade and actualising the benefits of trade agreements that had been signed, such as Economic Partnership Agreements. He therefore invited the EU side to support the implementation of the Framework Programme by facilitating market access through the removal of non-tariff barriers that could hinder access of goods and services produced from the value chains.

Turning to specific commodities and acknowledging the support that had been provided through accompanying measures for bananas and sugar, the Minister raised the following issues:

In relation to voluntary coupled support for **sugar**, he welcomed the proposal from Commissioner Mimica that constructive policy dialogue between all parties concerned seemed to be the best way forward and further consultation under Article 12 of the Cotonou Partnership Agreement would be useful. He reiterated the wish to follow up on this proposal through the established consultative structures.

At the same time, he noted with concern that within a very short space of time since the abolition of EU production quotas on 30 September 2017, European Union sugar production had increased by 26 %, i.e. over 4 million tonnes. Consequently, EU exports had also increased by over 2 million to an estimated 3.4 million tonnes. These developments had resulted in many ACP/LDC industries being displaced from their traditional market in the EU and also from their own domestic and regional markets. He therefore called upon the EU to dialogue through the established consultative mechanisms.

On **kava**, the Minister noted that during the last JMTC meeting held on 20 October 2017, the EU had indicated that there was no EU single market for kava and that competence regarding qualification of the product remained with the EU Member States. He also pointed out that the ACP side had noted that the EU had acknowledged the importance of producing and exporting kava but had indicated that there was no EU legislation on kava. He informed the meeting that the ACP side was prepared to share information and lessons learnt with regard to kava legislation and thus looked forward to an engagement at the technical level on this aspect.

The representative of Fiji explained that sugar was one of the traditional pillars of the country's economy and referred to the negative consequences of the termination of sugar quotas, which had resulted in a significant reduction in sugar exports to the EU. He also called for a constructive dialogue and consultation on the issue.

The representative of Mauritius noted that trade relations with the EU had drastically changed, with development of value chains and empowerment of women and young people becoming increasingly important. He explained that an appropriate framework with flexible rules of origin was needed in order for ACP States to move up the value chain, and stressed that a level playing field and technological transfer would be necessary to this end.

The representative of Vanuatu took the floor on behalf of the Pacific ACP States and touched upon coconut- and kava-related issues. As for coconut, he welcomed the joint efforts aimed at increasing the sector's competitiveness and intensifying production. Regarding kava, he noted on a less positive note that this commodity was not being given similar support and invited the EU side to support the lifting of restrictions and non-tariff barriers to kava exports. He informed the meeting that Vanuatu had developed a kava proposal and stated that, as there was no EU legislation on this subject, those Member States which were interested in this issue should look into it and consider further steps.

The representative of Tonga supported the intervention by the representative of Vanuatu concerning the recognition of kava, underlining that the nutritional aspects of kava, including its health benefits, needed to be taken into account. He expressed support for the adoption of a CODEX standard for kava and stated that the process needed to be expedited.

Minister Purcell also welcomed the fact that the CODEX standard for kava had been approved and launched, and said that the EU had played an important role in this process.

Commissioner Malmström thanked Minister Purcell for his remarks.

On **sugar**, she noted that the EU sugar reform had been completed as the EU beet-production quotas had been terminated a year ago. The sugar market in the EU had thus completed the journey to market orientation and that had caused both EU and ACP sugar producers to respond by aligning their production to market demands. She added that the ACP States and the EU had jointly managed a market impact study in 2016, which had produced a welcome report with useful recommendations and had given some indicators of how ACP suppliers could approach the new market-driven trading environment. Diversification to other markets was an important conclusion. The Commissioner pointed out that the two sides were continuing constructive market and trade monitoring through the Joint ACP-EU Technical Committee on sugar and had made substantial progress in this partnership, resolving technical trade issues and refocusing the discussions away from funding to market strategies.

Turning to **bananas**, she declared that ACP countries still enjoyed very substantial preferences and privileged treatment since they were the only suppliers to have duty-free and quota-free access to the EU market. Nevertheless, she assured them that she was fully aware of the sensitivity of maintaining the preferential access for bananas and said that cooperation was turning to strategic planning and partnership. She added that joint work would ensure that the ACP States concerned had a precise and comprehensive understanding of the challenges and market outlook for bananas and adjusted their own strategies, where appropriate.

In addition, Commissioner Malmström suggested engaging at technical level on kava, and reiterated the EU's support for coconut value chains.

Fisheries: On this item of the agenda, Minister Purcell, on behalf of the ACP side, raised some concerns with regard to the proposed EU Regulation on Autonomous Tariff Quotas (ATQ) for certain fish and fishery products for the period 2019-2020, which was currently before the Council of the EU. He noted that ACP States were concerned that the proposed Regulation, if adopted in its current form, would negatively impact the export trade to the EU of two very valuable ACP fishery products, namely frozen tuna loins and frozen hake. He pointed out that frozen tuna loins and frozen hake processing establishments in the ACP countries were crucial to the national economies, employing thousands of workers with considerable spill-over socioeconomic benefits, and that EU tariff preferences were critical for the development and sustenance of these processing capacities.

The Minister explained that the ACP countries were particularly concerned that the Regulation would result, more specifically, in tariff preference erosion and loss of export revenues. He stressed that there were fears that the Regulation would cement the market positions of established third party suppliers who were not bound by the strict rules of origin applicable to ACP countries. In this context, he called upon the EU to accord due sensitivity to the stated products of interest to the ACP Group, before the Regulation comes into force in January 2019. Secondly, Minister Purcell underlined the need for the EU side to consider a flexible approach in awarding an automatic derogation to the existing ACP processing establishments for the processing of frozen tuna loins, to ensure uninterrupted exports. Additionally, he requested more flexibility to lessen the administrative burdens with regard to the application of the rules to facilitate cumulation of tuna products for processing in the ACP States.

Finally, the Minister gave the floor to the representatives from the ACP side to elaborate on some of the issues raised.

The representative of Kiribati supported the Chair's speech on ATQs and drew attention to the impacts and implications of export duties.

The representative of the Solomon Islands referred to the likely impacts of the new quota regime on exports to the EU and the UK and stressed that sufficient time was needed to assess those impacts. He raised the issue of EU and UK quotas in the WTO. He also mentioned that the country had started discussions to prepare accession to the EPA, thanked the EU side for the good work and looked forward to completing the remaining processes.

Commissioner Malmström thanked Minister Purcell for his remarks and stated that the Commission proposal on the Autonomous Tariff Quotas for fisheries products (ATQs) for the period 2019-2020 had been published on 14 September. She explained that the objective of the Autonomous Tariff Quotas was to guarantee sufficient competitive supply to the EU processing industry, while also taking into account the interest of EU fish producers. She reassured the meeting that the EU had also taken into consideration the fact that its trade partners, such as the ACP States, enjoy a preferential tariff for some products that are subject to ATQs. The quota for tuna loins, the most relevant for ACP countries, remained unchanged in the Commission proposal. Nonetheless, she stressed that this quota was usually exhausted due to the strong demand of the EU processing industry for steady supplies, thus providing opportunities for the ACP countries to continue benefiting from preferential tariffs when selling into the EU market. She also informed the meeting that the proposal was currently being examined by the Council of the European Union (Member States) and it was therefore possible that some changes would be made to the current proposal before the new ATQs entered into force on 1 January 2019. As for the EU and UK quotas in the WTO, she clarified that a solution would have to be found during the transition period.

(iv) EU negotiations with third parties

Minister Purcell gave the floor to Commissioner Malmström to introduce the item.

Commissioner Malmström offered a brief overview on the state of play of ongoing trade negotiations with third parties and the implementation of trade agreements, focusing on those of most interest to the ACP countries, as well as on the proposal for a Multilateral Investment Court.

- **Bilateral trade agreements and negotiations**

Comprehensive Economic and Trade Agreement (CETA)

The Commissioner informed the meeting that the EU and Canada had recently celebrated the first anniversary of the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada. The institutional structure of the Agreement was now in place. In September, Commissioner Malmström had participated in the first CETA Joint Committee with her Canadian counterpart, Minister Carr. The two parties were making solid progress and trade flows on both sides were picking up.

JAPAN

The EU-Japan Economic Partnership Agreement had been signed at the EU-Japan Summit in July. This was the biggest trade agreement negotiated by the EU, accounting for nearly a third of the world's GDP. Both sides were now working to have their domestic ratification procedures completed by the end of 2018.

TUNISIA AND MOROCCO

The Commissioner informed the meeting that the EU was currently in talks over a Deep and Comprehensive Free Trade Agreement (DCFTA) with Tunisia. Recent discussions had focused on agriculture, geographical indications, sanitary and phytosanitary rules, intellectual property rights and trade and sustainable development. The two sides also hoped to relaunch the EU-Morocco DCFTA negotiations in the near future.

LATIN AMERICA

The Commissioner stressed that the trade and investment relationship with Latin America was strong and that the EU remained firmly committed to it in the face of mounting protectionism in the region. 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 the end of 2013. Commissioner Malmström declared that the EU would continue to pay close attention to the implementation of the agreement with Central America and its possible effects on ACP countries.

The Trade Agreement with Colombia and Peru had been provisionally applied since 2013. Ecuador had joined this Agreement on 1 January 2017. Overall, the results were positive as bilateral trade with all three countries had increased in 2017, and the Agreement had had a stabilising effect in the context of declining commodity prices, which had affected the economy of the Andean Community countries.

The negotiation with Mercosur was an important one, both economically and politically. It had been relaunched in 2016 and good progress had been made to date. However, some important issues were still outstanding and the work needed to continue. The last negotiation round had taken place in September in Montevideo.

The EU and Mexico had announced an agreement in principle for updating the trade part of the EU-Mexico Global Agreement in April this year to modernise their current relations. Since then, the negotiating teams had worked to ensure that the final texts reflected the political understanding reached in April.

The EU was also negotiating the modernisation of the existing agreement with Chile. The goal was to conclude this negotiation during the current Commission.

ASEAN and INDIA

The Commissioner said that the EU had concluded negotiations on two FTAs with ASEAN Member States (Singapore and Vietnam). The Agreements were not yet in force, and she expressed the hope that they would enter into force in the course of 2019. The EU was involved in active negotiations with Indonesia, whereas negotiations with India, Malaysia, Thailand and Philippines were currently on hold.

AUSTRALIA and NEW ZEALAND

The Commissioner explained that negotiations with both Australia and New Zealand had started and that the EU was aiming to achieve comprehensive and ambitious agreements.

- EU initiative on a future Multilateral Investment Court

Commissioner Malmström reminded the meeting that last year the ACP States and the EU had spoken about the initiative of a multilateral court for the resolution of investment disputes, a court that would be open to all interested countries and would operate on the basis of the principles of permanency, independence, accountability and efficiency, which underpin other respected international courts and tribunals.

She said that the project was progressing, as the United Nations Commission on International Trade Law (UNCITRAL) was looking into a possible reform of Investor-State Dispute Settlement (ISDS). Considering UNCITRAL's significant advantages in terms of transparency, openness and accessibility, the Commission was hopeful that discussions would deliver a satisfactory outcome in reasonably good time.

The Commissioner was highly confident 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 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.

Minister Purcell thanked Commissioner Malmström for the informative presentation. No representatives from the ACP side wished to take the floor on this item.

6. Trade-related capacity building

Minister Purcell gave the floor to the Commission to introduce the item.

The Commission representative (DG DEVCO) congratulated the representatives of the African countries on the agreement establishing the African Continental Free Trade Area and noted that although there was a lot of work ahead to turn it into a reality, the vision and the direction were there.

She said that with the Communication of 12 September 2018 on a new Africa-Europe Alliance for Sustainable Investment and Jobs, the EU had proposed a shift in the relationship between the two continents, built on a true and fair partnership made of shared economic interests. She stated that the Alliance was about boosting investments and creating jobs, in particular for youth, by identifying areas with the highest potential for job creation and value addition at local and regional level, and added that investing in education and skills and improving the investment climate in the ACP countries were therefore the EU's strategic priorities. With that goal in mind, the EU would continue to support countries in exploiting the opportunities offered by the existing Economic Partnership Agreements (EPAs) in terms of growth, job creation, regional integration and insertion into the global economy. She underlined that EPAs were building blocks towards the establishment of the African Continental Free Trade Area.

The Commission representative confirmed that the end target remained that of promoting sustainable and inclusive growth, attracting private sector investments and creating sustainable job opportunities, particularly for women and youth, in line with the goals of the European Consensus on Development and the 2030 Agenda for Sustainable Development. The EU delegations had developed National EPA Implementation Plans jointly with ACP countries to identify areas for financial assistance in line with national development strategies. A bottom-up and demand-driven approach was the preferred method of intervention.

As an example of EU programmes contributing either directly or indirectly to EPA implementation, she mentioned the Tradecom II programme, managed by the ACP Secretariat and financed with EUR 39.8 million from the 10th EDF Intra-ACP budget line. Projects financed during 2017 and 2018 were helping ACP countries to comply with the requirements of the Economic Partnership Agreements, for instance in drafting or adjusting customs legislation, developing export strategies, establishing dedicated institutions, and removing barriers to trade in specific sectors. She informed the meeting that during 2018 Tradecom II would implement several other national and regional actions in the areas of alignment with the EPA and WTO trade agendas and improvement of market access and standards.

In addition, she said that for African countries, important perspectives for growth and investment were offered by the External Investment Plan (EIP), which opened up new opportunities for productive sectors in Africa, including through value chain development. She added that the first 12 guarantee tools for investment – focused on micro, small and medium enterprises, sustainable energy and connectivity, sustainable cities and digitalisation – had been launched in July, and the agreements with the relevant financial institutions would be signed soon. The EU would support these facilities with EUR 800 million from the EU budget with the aim of leveraging EUR 8-9 billion in investments at the local level.

The Commission representative stated that the EU was paying greater attention to and providing more support for the development of regional and global value chains, in particular those with the highest potential in terms of job creation, investment, market access and local value addition. This work had been conducted under the Jobs and Growth Compacts, a new initiative that would help the Union, in cooperation with its sub-Saharan partners, to identify the value chains with the highest potential and the key constraints, so as to unlock this potential at country level. She said that a specific programme on cocoa, coconut and roots/tubers value chains (EUR 20 million) had been successfully completed in 2018 and the ongoing EUR 20 million Fit for Market programme would be topped up by an additional EUR 15 million to further strengthen the work on pesticides and allow the certification of additional small-scale producers of fruit and vegetables. She mentioned that, from a horizontal perspective, the EU supported the WTO Standards and Trade Development Facility (STDF), offering crucial support to countries adopting sanitary and phytosanitary (SPS) measures in line with international best practices, as a tool to gain or maintain access to markets for their products.

She highlighted the fact that the 2018 Aid for Trade Progress Report, which would be published shortly, confirmed that ACP countries had consistently been the main beneficiaries of EU Aid for Trade. EU commitments to ACP countries had reached a record high of EUR 2.38 billion in 2016, i.e. 17 % more than in 2015. Aid for Trade to ACP countries had averaged just below 60 % of total EU Aid for Trade over the last 10 years, with a record high of 64 % in 2016. She stressed that this reflected the EU's political commitment to ensuring that ACP countries could take advantage of trade opportunities, at regional and international level, and climb up the value chain ladders with a sustainability and economic transformation perspective.

Minister Purcell thanked the Commission representative for her statement and expressed the ACP Group's gratitude to the European Union for all the useful assistance that ACP States and regions had continued to receive under the various trade-related capacity building programmes. This support had over the years built substantive capacity for ACP States to develop policies and tackle trade challenges, as had been demonstrated by the effective participation of ACP States in various regional trade negotiations, the EPAs and at the WTO, thanks to the support provided by the Hub and Spokes posted in ACP countries and regions.

He added that the global trade landscape had certainly evolved and new areas of needs were emerging for which additional technical assistance would be required. As an example, he mentioned the capacity required to support countries in implementing the EPAs that had been concluded. In this context, he expressed the ACP Group's belief that the two sides could build on the achievements made by the Hub and Spokes programme, and invited the EU to favourably consider mobilising adequate resources for its continuation.

On behalf of the ACP, the Minister also called upon the EU to develop instruments and programmes more in line with the needs of ACP States and LDCs in post-conflict situations and to facilitate access to the investment facilitation mechanism to finance ACP private-sector projects.

He further called upon the EU to provide an appropriate programme to address non-tariff measures such as TBT and SPS, including capacity building for quality infrastructures and certification laboratories.

Finally, the Minister gave the floor to the representatives from the ACP side to elaborate on some of the issues raised.

The representative of Madagascar noted that trade-related capacity building programmes were of crucial importance for ACP States and all involved parties could be satisfied with the results, but there was also a need to explore ways of implementing the programmes in a more efficient and coherent manner. She affirmed Madagascar's full commitment to continue the work, focusing on the simplification of EU procedures, better use of expertise which can be found in the ACP regions and greater disbursement of earmarked funds before the expiry of the relevant deadlines.

The representative of Jamaica supported the intervention by the Chair and highlighted the importance of effective awareness-raising and policy reviews. She pointed out that the current Hub and Spokes trade programme would be coming to an end due to a lack of funding and called on the Commission to consider continuing the programme, taking into account the successes achieved. Regarding the jobs and growth programme, she emphasised that young people should be further involved and inquired whether the EU side was considering expanding the programme's geographical scope.

The representative of the Solomon Islands intervened along the same lines, recalling the positive experiences with the capacity building programmes and underlining that the Hub and Spokes programme needed to be continued with the support of the EU.

The Commission representative acknowledged the successes of the Hub and Spokes programme launched in 2004 and said that requests had been made to move from a global approach to a more tailor-made one. She stated that the EU would look into this issue and that all aspects raised by the speakers would be taken into account. Nevertheless, it was crucial that all key players increase their ownership. Concerning the request for programmes more in line with the needs of LDCs and states in post-conflict situations, she reassured the meeting that these countries were at the heart of the EU's priorities and that there would be a clear focus in future programmes on facilitating the growth of the private sector in these countries. She pointed out that many programmes were carried out at different levels and each programme had its own management structure and procedures. Working together with regional organisations meant that there was a risk that implementation would be slowed down because of additional complexities.

Minister Purcell stated that the meeting had taken note of the statements made on both sides and agreed to take action in the areas that had been mentioned.

7. WTO issues - post-MC 11

Minister Purcell gave the floor to Commissioner Malmström to introduce the item.

Commissioner Malmström welcomed the opportunity to exchange views on the WTO at a time when the organisation was confronted with the deepest crisis since its inception. She was convinced that there was a need, now more than ever, for the EU and ACP to work together to save the WTO.

She understood the sentiment shared by many that the WTO had not delivered enough or that the interests of developing countries had not been sufficiently addressed due to the lack of progress on outstanding Doha issues. She reassured the participants that, on the EU side, there was a genuine commitment to continue work on these issues and the Union had made proposals in recent months on several issues, including in the area of agriculture and on fisheries subsidies. The Commissioner hoped that the two sides could start openly discussing what else was needed in order to safeguard the WTO and allow it to play a central role in trade relations. She pointed out that, on 18 September, the EU had published a concept note outlining the Union's ideas for future proposals to modernise the three main functions of the WTO: rulemaking, monitoring and dispute settlement.

The Commissioner said that work was ongoing on concrete proposals, on which the EU hoped to engage with ACP members soon. First, the most pressing priority was to unblock Appellate Body Members' appointments, as with only three members left (the bare minimum for it to function), there was an imminent risk of paralysis of the dispute settlement system. Second, there was a need to find ways to update the WTO rulebook to address the various challenges that lay ahead, including the Doha issues. There was also interesting work ongoing on some issues based on the Joint Statements from Buenos Aires (e-commerce, investment facilitation). Nevertheless, the EU's assessment was that in the current climate of growing tensions, which was putting the entire system at risk, there was a need to invest in dealing with the root causes of the problems. This explained why the focus was on level-playing-field issues. The Commissioner stressed that each of these areas needed to move forward, in different formats and configurations, building support among those Members who were interested. Third, non-compliance with notification obligations and ineffective committee procedures were hampering proper monitoring and enforcement, hence it was crucial to work on a proposal for a decision aimed at strengthening compliance with notification obligations and helping Members facing capacity constraints to obtain the necessary assistance.

The Commissioner looked forward to engaging with ACP members on concrete proposals and made it clear that the current crisis called for urgent action that could not be blocked by dogmatic positions.

Minister Purcell noted that it was apparent that developed countries had taken a political decision not to move on the Doha Development Agenda (DDA), apart from fisheries subsidies negotiations, even though many other members, including the ACP Group, remained committed to the developmental objectives embedded in the Doha mandate. He stated that the ACP positions on the issues under negotiation in the WTO were well known, especially in the areas of fisheries subsidies, agriculture (including cotton) and special and differential treatment, and pointed out that the ACP Group had tabled comprehensive and clear proposals on these issues in the WTO.

On special and differential treatment (SDT), which was an issue cutting across all the areas under negotiation and of great importance to the ACP, the Minister stated that the biggest hindrance was the call by developed countries for the concept of differentiation to be applied upfront, due to the differing levels of economic development among developing countries. The ACP Group, together with other developing countries, continued to reiterate the architecture and basic SDT principles that were integral to the WTO, and the need to comply with the mandate laid down in paragraph 44 of the Doha Declaration.

The ACP Group had taken note of the issue of WTO reform being promoted by developed countries, including by the EU. The Minister reiterated that the WTO remained indispensable to the multilateral trading system, the global economy and ACP members' efforts to achieve their national development objectives, as well as the targets of the UN sustainable development goals. He stressed that, as had already been said in many fora, "if the WTO did not exist, it would have had to be created", adding that such an institution was worthy of being preserved and strengthened, not reinvented. The Minister admitted that, like other organisations, the WTO was not perfect. However, if the parties decided to take another look at the WTO's structure, operation and rules, then the heterogeneity of the WTO's membership and issues such as inclusiveness, transparency and a willingness to exercise flexibility must form the basis of such discussions. He found it disappointing that these discussions were not taking place within the WTO, especially given the importance of this issue to ACP members. The Director-General's reference to discussions on WTO reform at the previous week's meeting of the Trade Negotiations Committee, and his call for these discussions to be inclusive, was a step in the right direction.

The Minister explained that the ideas being advanced on WTO reform were focusing mainly on transparency in the context of notification, concerns regarding the dispute settlement body, rule-making and the issue of decision-making by consensus, but the issue of differentiation was also on the table, albeit in a veiled way. He emphasised that WTO reform initiatives should be in line with the Marrakesh Agreement and its Annexes, and any discussion on WTO reform should be inclusive and transparent.

The Minister concluded his intervention by stating that the ACP Group supported the unblocking of the appointment of Appellate Body Members, without which the system would not function, therefore calling into question the merits of negotiating new rules.

Finally, the Minister gave the floor to the representatives from the ACP side to elaborate on some of the issues raised.

The representative of Papua New Guinea stated that, despite its deficiencies, the WTO served the interests of its members well. The organisation was facing massive challenges and needed to be reformed but this required joint action by the EU and the ACP States. He stated that fisheries subsidies constituted an absolute priority for ACP countries and a vital sector for small island developing states (SIDS). The future agreement should, therefore, provide differentiated treatment for developing countries and protect the interests of coastal states.

The representative of Jamaica highlighted the indispensability of the WTO, especially for small states, and stressed that Doha issues, agriculture cooperation and trade in services were critical for developing countries. She expressed her disappointment at the pace of discussions and the fact that they were not taking place within the organisation. She pointed out that there was a clear need to integrate LDCs and developing countries into the global economy and to link trade and development, including with a view to using trade to foster economic growth and development. The ACP States and the EU needed to work together on these issues. Regarding fisheries subsidies and preferential treatment, she expressed the hope that the EU would work with the ACP States and show flexibility during discussions.

The representative of South Africa noted, in concert with the interventions made by the chairs, that the multilateral trading system was facing unprecedented challenges and stated that unilateral measures were incompatible with WTO rules. The initiatives launched outside the framework of the organisation were particularly alarming. He called for a rules-based, transparent, non-discriminatory system with an unbiased Appellate Body and stressed that SDT should remain an integral part of the system to reflect the different levels of development.

Commissioner Malmström expressed her disappointment at the fact that no agreement could be reached on fisheries and considered that this failure might have been a symptom of the system's dysfunction. She highlighted the fact that different approaches and a clear political guidance were required in order to take discussions to a new level, and there was a need for concrete proposals, including on Doha issues, procedural questions and the rulebook. The Commissioner thanked the participants for the discussion on the issue in the framework of the JMTC and said that exchanges needed to continue in other fora as the system would not survive without fresh impetus.

Minister Purcell stated that the meeting had taken note of the statements made on both sides and agreed to take action in the areas that had been mentioned.

8. Any other business

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

Minister Purcell recalled that at the previous JMTC, the ACP side had expressed concerns at the listing of ACP States by EU countries, ostensibly on the basis of the EU Member States' assessment of how the ACP States applied standards of tax good governance. The ACP Group remained deeply concerned by the unilateral action by the EU Member States to list ACP countries without due and adequate consultations, and wished to point out that the Cotonou Partnership Agreement provided for political dialogue as enshrined in Article 8, under which such consultations could have been held.

He added that the ACP side recognised that the OECD was the sole body for setting norms and standards on tax cooperation at international level but, as non-members in the OECD, ACP States did not participate in agenda-setting and/or decision-making and therefore had so far been excluded; they should nevertheless have a say in global discussions and decisions on taxation issues.

Minister Purcell informed the meeting that, in light of the inclusion of ACP countries on the EU list, the ACP Council of Ministers, through Decision No 8/CVII/18 of 30 May 2018, had set up an ad hoc ACP Contact Group to engage in dialogue with the EU on tax matters, with a view to achieving better results. The Joint Council on 1 June 2018 in Lomé had endorsed the setting up of an ad hoc Contact Group at the joint level, and had also agreed to continue monitoring the item on non-cooperative tax jurisdiction through the Development Finance Committee. The ACP membership of the ad hoc Group would certainly be communicated to the EU in early November.

The Minister, on behalf of the ACP Group, urged the European Union to make good use of this new platform, together with the existing consultation mechanisms provided for in the Cotonou Agreement, to discuss tax-related or any other matters of concern in the spirit of true partnership. He believed that such a process would help countries to be removed from the list and ensure that others were not placed on the list. He also requested clarification from the EU on the measures or steps to be taken in order to be removed from the list.

Finally, the Minister gave the floor to the representatives from the ACP side to elaborate on some of the issues raised.

The representative of the Marshall Islands expressed strong concerns about the inclusion of ACP States in the list and stated that the Global Forum needed to carry out its work on tax issues in a transparent way. He highlighted the fact that his country was committed to complying with international standards but small jurisdictions were facing serious challenges due to the fact that the requirements went beyond the internationally agreed standards and implementation necessitated substantial additional resources. He pointed out that the Marshall Islands had taken action to align with the requirements and called on the EU to refrain from unilateral actions and start meaningful dialogue with the countries concerned.

The representative of Namibia inquired about the legal basis of the listings, stressed that global tax governance should be a multilateral process and regretted that the listings were not dealt with in this way. He pointed to the need for a more inclusive framework and for a genuine ACP-EU engagement on this issue.

The representative of Saint Lucia concluded by making a formal call for consideration to be given for the agreement of one set of international tax standards administered by one body such as the OECD Global Forum. In addition, he emphasized that differing international tax administrators and standards become counterproductive and overly burdensome for small resources constrained economies.

The Commission representative (DG TAXUD) gave a brief update on the listing process launched by the Member States in 2016, which was part of the EU's wider political priority to take action on tax evasion and avoidance and to promote fairer taxation, both in Europe and beyond. He informed the ACP Group that the EU was also looking at this issue internally and thus had adopted substantial legislation on transparency and fair taxation, going well beyond the recommendations made by the OECD. He said that the first list had been published in December 2017 and contained 17 countries and that, due to significant progress having been made thanks to the constructive engagement of several states, 11 countries, including ACP countries, had been de-listed from the blacklist. Many countries had made strong political commitments and had taken decisive steps to meet the deadline of 31 December 2018 for the implementation of commitments. The Commission representative stressed that the spirit of cooperation needed to continue until the end of the year and beyond in order to avoid difficult situations at the beginning of 2019, when the EU list would be updated.

He stated that the Commission was engaged with the ACP States bilaterally and multilaterally, hence good progress had been made and contacts would continue and intensify. In addition, he reminded the meeting that the Commission had technical assistance programmes available to help ACP States. According to his assessment, the work was on a positive track and input from the ACP side would feed into the international debate taking place within the framework of the OECD.

Minister Purcell considered that the first steps, including consultation, had not been adequate but the process had then become constructive and transparent. He admitted the EU had considerable expertise in this field and the ACP side could learn from it. Nevertheless, the limited resources needed to be taken into account. In this regard, technical assistance would be highly appreciated and welcome.

– **Alliance for Torture-free Trade**

Minister Purcell gave the floor to Commissioner Malmström to introduce the item.

Commissioner Malmström briefly presented the initiative 'Alliance for Torture-free Trade', which aims to end the trade in goods used for capital punishment and torture. She explained that the countries of the Alliance had committed to taking measures to control and restrict exports of such products and to work towards a United Nations instrument, such as a binding convention. She called on the ACP States to consider joining the alliance.
