

ACP-EC COTONOU AGREEMENT

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

**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 26 January 2006

ACP/21/001/06

ACP-CE 2138/05

MINUTES

of: 30th meeting of the ACP-EC Council of Ministers

on: 24 and 25 June 2005

in: Luxembourg

The ACP-EC Council of Ministers held its 30th meeting in Luxembourg on 24 and 25 June 2005 under the chairmanship of H.E. Mr Victor BORGES, Minister for Foreign Affairs, Cooperation and Communities of the Republic of Cape Verde and President of the ACP Council of Ministers.

The Community spokesman was H.E. Mr Jean-Louis SCHILTZ, Minister for Cooperation and Humanitarian Action of Luxembourg and President-in-Office of the Council of the European Union.

The European Commission was represented by Mr Louis MICHEL, Commissioner for Development and Humanitarian Aid.

The European Investment Bank was represented by Mr Martin CURWEN, Director.

The Council meeting was preceded by an opening ceremony during which presentations were given by the President of the ACP Council, H.E. Mr Victor BORGES, Commissioner Louis MICHEL and H.E. Mr Jean-Louis SCHILTZ, who opened the meeting.

During lunch a discussion was held on the "C" item (exchange of views of an informal nature between ministers) on how to improve the contribution made by development assistance to achieving the Millennium Development Goals, with the participation of representatives of civil society, international organisations and non-State actors.

"A" ITEMS

ITEM 1 ON THE AGENDA

ADOPTION OF THE PROVISIONAL AGENDA

[ACP-CE 2126/05 - ACP/21/005/05]

The Council adopted the agenda with the following amendments:

- addition under the "B" items of (i) the Joint Declaration on the United Nations Summit of September 2005 on the Millennium Development Goals and (ii) the date and place of the 31st meeting of the ACP-EC Council of Ministers;
- addition under "Other Business" of an ACP Declaration on the 30th anniversary of the ACP Group.

ITEM 2 ON THE AGENDA

The Council adopted the minutes of the 29th meeting of the ACP-EC Council of Ministers held in Gaborone (Botswana) on 6 and 7 May 2004 (ACP-CE 2123/04 - ACP/21/006/04).

The Council also welcomed the work of the ACP-EC Joint Parliamentary Assembly (JPA) at its sessions in the Hague in November 2004 and Bamako (Mali) in April 2005 and pointed up the excellent cooperation achieved between the JPA, the ACP Council of Ministers and the Council of the European Union thanks to the participation of their Presidencies in the JPA's sessions.

"B" ITEMS

ITEM 3 ON THE AGENDA

ECONOMIC PARTNERSHIP AGREEMENTS (EPAs)

- Current situation

The ACP Presidency invited the EU side to present the progress made in negotiations on the EPAs.

The EU Presidency reminded the Council that the objectives of the EPAs, like the Cotonou Agreement, were reduced poverty, sustainable development and the integration of the ACP countries into the global economy. EU ministers had taken up the issue and requested the Commission to submit a report on aspects related to developing the EPAs.

The EU Presidency noted with satisfaction that agreements had already been concluded on a number of horizontal issues; it also pointed out that the parties had undertaken to bring the negotiations to a successful conclusion by the end of 2007 and that the new agreements were to enter into force on 1 January 2008.

The Commission stressed that development aspects were at the heart of the negotiations. It deplored the misgivings expressed by the ACP side in its statement, for the ACP-EC Partnership had to be a political alliance capable of promoting a genuine common strategy on EPAs, focused primarily on regional integration. The Commission pointed out that the priorities for assistance would be (i) customs policy and facilitating exchanges through better identification of administrative barriers and (ii) adjustment to sanitary and phytosanitary standards. The Commission confirmed that the follow-up mechanism was managed by its Development DG. It further announced that it would consult the ACP regions on the EU development policy statement currently being prepared.

By way of response, the ACP side read the ACP Council's statement on EPAs.

In conclusion, the Council:

- reaffirmed that EPAs must serve to promote development and combat poverty;
- invited both sides to examine closely the question of the financial resources required to ensure adequate and effective implementation of the EPAs;
- invited both sides to convene, as soon as possible, a meeting of the Joint Technical Monitoring Committee on progress in the EPA negotiations;
- mandated the Joint Ministerial Trade Committee to discuss arrangements for reviewing the EPA negotiations under Article 37(4) of the Cotonou Agreement.

ITEM 4 ON THE AGENDA

TRADE COOPERATION

- **Follow-up to the ACP-EC Committee of Ambassadors meeting (27 May) and ACP Declarations on certain specific products**

The Council took note of the report of the meeting of the ACP-EC Subcommittee on Trade (ACP-CE 2124/05 - ACP/61/019/05) and of the concerns expressed by the ACP countries.

The ACP side voiced concerns about the EU's generalised system of preferences (GSP), the rules of origin within the framework of EPAs, sanitary and phytosanitary (SPS) measures, and the new legislation on chemical substances (REACH).

The EU Presidency announced that the Council had reached agreement on the new GSP on 27 June 2005.

H.E. Mr KNIGHT (Jamaica), speaking as the ACP ministers' spokesperson for issues relating to sugar and bananas, submitted two Declarations on these topics on behalf of the ACP States.

H.E. Mr AKPLOGAN (Benin) submitted an ACP Declaration on cotton. H.E. Mr MILLER (Barbados), submitted an ACP Declaration on rum.

The Council took note of the ACP Declarations (see ACP/25/011/05).

As regards sugar, the Commission recapitulated the main points of its proposal: the price reduction was greater than the one put forward in July 2002 (39% instead of 33%), but there would be no review clause in 2008. The reduction would take place during a period of four years, with a very slight drop the first year. The measures would be backed up by assistance for ACP producers, outside the EDF, totalling EUR 40 million during the first year.

With respect to cotton, the Commission made mention of the discussions held in Geneva and the EU's action plan on cotton. As for bananas, the Commissioner highlighted the joint work undertaken with the ACP countries within the framework of the dispute settlement procedure currently under way in the WTO; as regards rum, he made reference to the support programme and said that he intended to consult the ACP countries before the Hong-Kong negotiations.

ITEM 5 ON THE AGENDA

DEVELOPMENT FINANCE COOPERATION

- **Follow-up to the meeting of the Development Finance Cooperation Committee (Ministers) on 24 June 2005; in particular, use of the conditional billion**

The Council agreed to enter the oral report of the meeting of the Development Finance Cooperation Committee (DFCC), held at ministerial level on 24 June 2005, into the minutes of its meeting (see Annex).

Mr Pierre MOUSSA, Minister of the Republic of the Congo and ACP Co-Chairman of the DFCC, made a statement on behalf of the ACP States in which he reiterated the importance of allocating the necessary resources to the Natural Disaster Facility.

The Council decided to allocate the remaining balance of the conditional billion under the 9th EDF as recommended by the Ministerial Committee on Development Finance Cooperation and instructed the Co-Secretariat to finalise the legislative texts.

The Council took note of the political commitment to establish a Natural Disaster Facility made at the 9th session of the Joint Parliamentary Assembly held in Bamako (Mali) in November 2004, the 1st meeting of ACP Environment Ministers held in Brussels in December 2004 and the 81st meeting of the Council of ACP Ministers held in June 2005.

The Council expressed its political support for the establishment of an ACP-EU Natural Disaster Facility along the lines set out in the report of the ACP-EC Co-Rapporteurs on the Natural Disasters Workshop (ACP/29/039/05 - DEV 10 (05) D/4577).

The Council agreed to the ACP-EC DFCC's recommendation to support the EU proposals with a view to launching the implementation.

The Council agreed to support the proposal to release EUR 12 million as first financing allocation and called for adequate financing to be earmarked within the framework of the next Financial Perspective.

The Council mandated the ACP-EC Committee of Ambassadors to take the measures required to enable the ACP Group and the Commission to continue their work on establishing the Facility, with particular reference to practical arrangements and the financing issue.

ITEM 6 ON THE AGENDA

TRANSITIONAL MEASURES FOR THE EARLY APPLICATION OF CERTAIN PROVISIONS OF THE REVISED COTONOU AGREEMENT [(ACP-CE 2128/05 ACP/.../05)]

Further to consultations held by the ACP side, the Council adopted the Decision on transitional measures (ACP-CE 2128/05).

- The following statement would be annexed to the Decision: "Each of the parties will endeavour to implement the procedure for ratifying the revised Cotonou Agreement within 18 months of the signing of the revised Agreement, with due regard for national and Community responsibilities and procedures."

- Article 1(2) was amended as follows: "establishing the availability of the financial resources, set out in figures, as referred to in the Articles concerned".

ITEM 7 ON THE AGENDA

DISCUSSION AND ADOPTION OF A JOINT DECLARATION ON HIV/AIDS, MALARIA AND TUBERCULOSIS (ACP-CE 2129/05 - ACP/28/006/05)

The Council adopted the draft ACP-EC Declaration on HIV/AIDS, malaria and tuberculosis.

ITEM 8 ON THE AGENDA

JOINT DECLARATION ON THE UNITED NATIONS SUMMIT OF SEPTEMBER 2005 ON THE MDGs

The Council mandated the ACP-EC Committee of Ambassadors to finalise and adopt, on behalf of the Council, a Joint Declaration focusing specifically on the MDGs by 31 July 2005.

ITEM 9 ON THE AGENDA

DATE AND PLACE OF THE NEXT MEETING

The Council decided to hold its 31st meeting in Papua New Guinea. It instructed the Co-Secretariat to set dates for the meeting, in consultation with the host country, and forward them in good time to both sides.

ITEM 10 ON THE AGENDA

OTHER BUSINESS

The Council took note of the ACP Declaration on the 30th anniversary of the ACP Group.

ACP/81/044/05

Brussels, 21 June 2005

D.D.E.D/MC

**ORAL REPORT OF THE PRESIDENT OF THE ACP MINISTERIAL
COMMITTEE ON DEVELOPMENT FINANCE COOPERATION TO
THE ACP COUNCIL OF MINISTERS**

**81st MEETING OF THE ACP COUNCIL OF MINISTERS
IN BRUSSELS FROM 20 TO 22 JUNE 2005**

**ORAL REPORT OF THE PRESIDENT OF THE ACP MINISTERIAL
COMMITTEE ON DEVELOPMENT FINANCE COOPERATION
TO THE ACP COUNCIL OF MINISTERS**

**81st MEETING OF THE ACP COUNCIL OF MINISTERS
IN BRUSSELS FROM 20 TO 22 JUNE 2005**

President,

Ministers, dear Colleagues,

The Ministerial Committee on Development Finance Cooperation held an extraordinary meeting in Niamey on 13 and 14 June 2005 and an ordinary meeting on Monday 20 June 2005; it is my responsibility to give you an oral report on those meetings.

I. Extraordinary meeting in Niamey

President,

The main purpose of the extraordinary meeting of the Ministerial Committee on DFC was to examine the following major pending issues on which decisions would need to be taken:

- (a) the release and allocation of the remaining balance of the conditional billion under the 9th EDF;
- (b) the ACP Group's position on budgetisation of the EDF;
- (c) harmonisation of the EDF's rules and procedures with those of the general budget of the Community; there had been no agreement on this issue on 23 February 2005 when negotiations on the revision of Annex IV to the Cotonou Agreement were concluded.

In this connection, you will remember that the ACP-EC Council of Ministers postponed discussions on the matter pending implementation of Article 100 with a view to reaching an agreement before the revised Cotonou Agreement entered into force.

Furthermore, it was deemed useful to have an in-depth exchange of views with representatives of the European Commission on major issues relating to implementation of cooperation, including in particular the conclusions of the mid-term reviews of national cooperation and the prospects for final reviews in 2006.

Lastly, participants in the extraordinary meeting were briefed on the outcomes of negotiations on rules and procedures and on the Investment Facility.

The conclusions and recommendations we agreed on are set out in the report that has been distributed to you and the ACP Secretariat has been asked to handle the follow-up.

I apologise for the fact that Part III has not been included in the report.

As it related to the exchange of views with the Commission, we forwarded a draft joint text to the Commission for comment.

We have not yet received their response at the time of speaking.

I have asked the Secretariat to forward the complete report, including Part III, to you as soon as possible.

I will restrict my presentation to the three substantial issues which require a decision by the Council.

A. Release and allocation of the remaining balance of the conditional billion under the 9th EDF

President,

As regards allocating the remaining balance of the conditional billion under the 9th EDF, the Ministerial Committee decided, after a long debate, to recommend the following proposals with a view to a decision by the ACP-EU Council of Ministers at its meeting in Luxembourg on 25 June 2005:

- release of the EUR 250 million earmarked for the second allocation of the Water Facility;
- EUR 220 million for the ACP-EC Energy Facility;
- EUR 25 million for commodity risk management;
- EUR 30 million for sanitary and phytosanitary measures;
- EUR 18 million for the development needs of Timor-Leste for the period 2006-2007;
- EUR 32 million for the annual budgets of the CDE and CTA for 2006;
- contribution of EUR 63 million to the "Education for All" programme, in order to help low-income countries achieve the Millennium Development Goals in the field of education;
- contribution of EUR 50 million to the African Union's pan-African support programme;
- EUR 62 million for HIV/AIDS – GFTAM.

The Committee further pointed out that use of EDF resources to finance the EC's international commitments should be kept to a strict minimum, since significant funds had already been committed for that purpose and feedback on their use continued to be unsatisfactory.

The Council is invited to approve this recommendation on use of the remaining balance of the conditional billion under the 9th EDF with a view to a decision by the ACP-EC Council at its meeting in Luxembourg on 25 June 2005.

B. Financing of the Natural Disaster Facility

The Ministerial Committee made reference to the Decision adopted by the ACP Council of Ministers and the ACP-EU Parliamentary Assembly on creating a Natural Disaster Facility as a matter of urgency.

The Commission acknowledged the importance of such a facility and stated that it had provided for a EUR 12 million allocation from intra-ACP resources to be made available immediately; the Commission was also prepared to begin consultations with the ACP Secretariat as soon as possible on new allocations for the Natural Disaster Facility.

The Ministerial Committee accordingly recommends that the Council approve the EC proposal to earmark EUR 12 million as a first allocation for the Natural Disaster Facility, on condition that the EC formally undertake to make substantial funds available for the Facility under the 10th EDF.

C. Budgetisation of the EDF

The Committee reiterated the need to preserve the *acquis* of the Cotonou Agreement.

It invited the ACP Group to ensure that any solution should include guarantees that the fundamental points of the Cotonou Agreement would be maintained.

Given the issue's significance and its potential effects on cooperation, the Committee recommended that:

- ACP authorising officers and Finance Ministry officials perform simulations of the impact of the budgetisation exercise;
- a joint ACP-EC study be conducted on the implications of the budgetisation of the EDF, in accordance with the recommendation of the ACP-EU Parliamentary Assembly, in order to enable both sides to take informed decisions regarding the advantages and disadvantages of each of the two systems.

The Council is invited to approve these recommendations.

II. Ordinary meeting on 20 June 2005

President,

At its meeting on 20 June 2005, the Ministerial Committee adopted the agenda for the 14th meeting of the ACP-EC Development Finance Cooperation Committee scheduled to be held in Luxembourg on 24 June, along with its 2005-2006 work programme.

It also examined two draft Resolutions, on financing the Millennium Development Goals and on the Commission for Africa's recommendations respectively.

Those two resolutions would be submitted to the Council for adoption at that meeting.

Lastly, the Committee held an exchange of views on the draft Joint ACP-EU Declaration on the United Nations Summit to be held in September 2005.

That Joint Declaration testifies to the ACP and EU States' commitment to working together towards achieving the Millennium Development Goals.

It is intended to reflect the will, on the part of both the European and ACP sides, to maintain and strengthen their special relationship in the interests of achieving the Millennium Development Goals.

It would thus demonstrate to the rest of the world that, in confronting the unavoidable challenges of globalisation, there is still a place for a genuine ACP-EU partnership that can contribute and provide a practical and effective response to the objectives of lasting peace, security and eradication of poverty.

At the close of the discussions, while admitting the principle of a Joint Declaration, the Ministerial Committee did not reach a consensus on adoption of that Declaration by the ACP-EU Council of Ministers at their meeting in Luxembourg on 25 June 2005.

Accordingly, the Ministerial Committee recommended that the Council of Ministers mandate the Committee of Ambassadors to examine the Declaration, in consultation with the ACP representatives based in New York, and invite the Committee of Ambassadors to conduct its examination with all haste with a view to finalisation of the Declaration before the Summit begins in September 2005.

The Council is invited to approve these recommendations.

President,

I would take this opportunity to thank the Committee of authorised representatives, its Chairman and its Vice-Chairmen for the work they have accomplished.

With that I shall conclude the oral report I have had the honour of giving you on behalf of the ACP Ministerial Committee on Development Finance Cooperation.