

DEVELOPMENT COOPERATION ISSUES¹

to be discussed by the
GENERAL AFFAIRS and EXTERNAL RELATIONS COUNCIL
on **19 November in Brussels**

Security and development

The EU's European security strategy (2003) and European consensus on development (2005) both recognise that there is no sustainable development without peace and security, while without development and the elimination of poverty there can be no sustainable peace.

For the first time, the Council will hold a joint meeting of development and defence ministers in order to discuss how to achieve coherence between security and development both in policy and in concrete terms.

The Council will draw conclusions with pragmatic recommendations on the way forward. These are likely to deal with integration of short-term security action with long-term development goals in the areas of strategic planning, security sector reform, strategic partnerships (such as the EU-Africa strategic partnership) and humanitarian aid and security.

The conclusions will identify key issues to be tackled under future presidencies.

Policy debate on the effectiveness of EU external action - EU-Africa strategy

Once a year, the Council holds a policy debate on key issues affecting the effectiveness of EU external action and development cooperation. On this occasion, the presidency has chosen to discuss "The EU-Africa strategy and action plan and their implications for EU development policy". The Council will examine how development cooperation instruments and resources can be mobilised in support of the joint EU-Africa strategy and its first action plan (2008-2010), that are scheduled for adoption at the EU-Africa summit in Lisbon on 8 and 9 December. The Council will hold an exchange of views, but is not due to adopt conclusions.

¹ General background information on the Council's work on development policy can be found on the Council's website: www.consilium.europa.eu (click "Development and Trade")

Policy coherence for development

In development cooperation, it is essential that the Union's policies work coherently and reinforce each other in securing that development objectives are taken into account by other policies. Special attention will be given by the Council at this session to security and development (see above). In addition, the Council will adopt conclusions on coherence between development and climate change (through the adoption of a "global alliance on climate change with poor developing countries"), as well as on coherence between development and migration. Finally, the Council will adopt conclusions on ensuring policy coherence for development, both at horizontal and at sector level.

Addressing situations of fragility

Situations of fragility constitute a major challenge to sustainable development and peace, which may also involve regional and global security risks and exacerbate the risk of failing to reach the UN's millennium development goals in various parts of the world. It is essential that the EU and its member states put all available instruments to work in a coordinated way in response to situations of fragility. The Commission has submitted a communication to the Council analysing such situations, which are linked to the issue of security and development that will also be discussed by the Council (see above).

The Council will adopt conclusions, emphasising in particular which preventive measures can be taken.

Economic partnership agreements with ACP states

The African, Caribbean and Pacific (ACP) states and the EU fixed 31 December 2007 as the deadline for completion of these agreements. As the deadline approaches, the Council will hold a policy discussion and agree conclusions on the way forward.

Background

For over thirty years the EU has granted attractive, unilateral trade preferences to those developing countries in the African, Caribbean and Pacific (ACP) group of states with which it has a specific partnership agreement. The latest version of this is the Cotonou partnership agreement with 79 countries from these regions.

The Cotonou trade preferences conflict however with WTO rules because they are unilateral in nature. WTO rules generally require that trade concessions be reciprocal. The members of the WTO agreed on a waiver whereby they would not take action against these non-compliant preferences before 1 January 2008. In 2000, the ACP and EU states therefore agreed to replace the Cotonou preferences with new development and trade arrangements before the waiver expired.

The new arrangements, called economic partnership agreements (EPAs), are planned for six regions: the Caribbean, the Pacific and four African regions. Under EU internal rules, such agreements are negotiated by the Commission under a mandate from the Council. In this case, the Council approved negotiating directives to the Commission in 2002.

Experience has shown that trade preferences alone are not a panacea for development. In fact, over several decades, in spite of the competitive advantage provided by these preferences, the ACP states saw their share of EU and world trade decline. It is clear that a broader package of trade and development measures is required to help the ACP states boost investment, output, trade and employment.

The EPAs could contain the following trade and development ingredients:

- improved access to EU markets for goods - in fact, the EU proposes that the ACP countries have full duty and quota-free access to the EU market for all their products, from the moment the agreements enter into force. Only for rice and sugar is a short transition period planned;
- inclusion of trade in services in the agreements - this would enable developing countries to put into place services such as finance and telecommunications that are vital for competitive, efficient economies;
- some rules to ease restrictions that are obstacles to trade and investment - these include rules on competition, on public procurement and on trade facilitation (such as simplifying the bureaucracy of export procedures);
- support for regional economic integration - businesses need opportunities to expand from local to regional markets before they trade on a continental or global scale;
- links with financial measures to support investment in legal and administrative infrastructure for trade.

For the EPA provisions on trade in goods to be WTO-compatible, partner countries also must open their markets to EU goods. According to the WTO, this opening can be less than 100%, it can be spread over 10 years, it can contain special derogations and safeguards for vulnerable sectors and infant industries. The EU is committed to using all the flexibility that WTO rules allow in order to reduce the effort required by ACP partners for the EPAs to pass the WTO compatibility test.

The way forward

In the run-up to the Council's meeting on (12 and) 13 November, no ACP region has so far signed an EPA with the EU. The Commission has submitted a communication to the Council on the state of play. Some regions are close to concluding ambitious agreements, others are close to concluding a limited but WTO-compatible agreements as a first step.

After a debate with commissioners Peter Mandelson (trade) and Louis Michel (development cooperation), the Council will adopt conclusions aimed at guiding this work towards a successful conclusion.

Humanitarian aid

Humanitarian action is a centuries-old tradition of bringing help to victims of crises.

It is one of the EU's main external policies. Collectively, the EU is the world's leading humanitarian aid donor. The EU's institutions have agreed to reinforce EU action by working out a consensus on the values and principles that underpin its humanitarian action. This will complement the 2005 European consensus on development. It will enable guidelines on good donorship practice and on defining the roles of different actors.

The Commission presented a communication in June 2007 to start the debate. The Council will now adopt a statement as an important step towards an overall agreement that should be concluded in December between Council, member states, European Parliament and Commission.

Cape Verde

Cape Verde, which is a signatory of the ACP-EU Cotonou partnership agreement, has expressed a wish to strengthen its relationship with the EU. Cape Verde has a special position in relation to the EU's outermost regions in the North Atlantic, and many strategic issues are common to both. In the light of a communication from the Commission, the Council will agree in principle to a special partnership to strengthen dialogue and policy convergence between the EU and Cape Verde.

Agriculture in Africa

Agriculture is the main economic basis for the majority of Africans and accounts for about one third of Africa's gross domestic product. The Commission has submitted a communication to the Council suggesting ways in which the EU and the Africa could cooperate on agricultural development in Africa at regional and continental levels. The Council will adopt conclusions, welcoming the objectives and principles of this cooperation and noting the link with the EU-Africa strategy.

Annual report on development policy and implementation of external assistance

The Council will adopt short conclusions welcoming this report.

Coordination, complementarity and coherence in development policies and operations

The Council will adopt short conclusions underling the importance of the "three Cs".
