

ACP-EC Convention of Lomé
ACP-EC Cotonou Agreement

**Annual report
of the
ACP-EC Council of Ministers
(2000)**

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Luxembourg: Office for Official Publications of the European Communities, 2002

ISBN 92-824-2055-8

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Printed in Italy

PRINTED ON WHITE CHLORINE-FREE PAPER

CONVENTION ACP-CE DE LOME

—
LE CONSEIL

—
LES SECRETAIRES

ACP-EC CONVENTION OF LOME

—
THE COUNCIL

—
THE SECRETARIES

Brussels, 19 -09- 2001

The Hon. Mr John Corrie
The Hon. Mr Serge Clair

Co-Chairmen of the ACP-EC
Joint Parliamentary Assembly,

European Parliament,
LUXEMBOURG

102

Sirs,

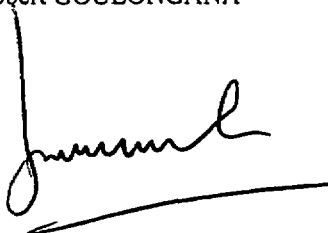
At its meeting in Brussels on 11 May 2001, the ACP-EC Council of Ministers instructed the Committee of Ambassadors, in conjunction with the Secretaries of the Council of Ministers, to finalize the Annual Report which it has to publish pursuant to Article 342 paragraph 4 of the Fourth ACP-EC Convention, as amended by the agreement signed in Mauritius on 4 November 1995, and to forward it to the Joint Parliamentary Assembly.

As this report has now been finally approved, we are pleased to communicate the text thereof to the Joint Parliamentary Assembly in order that it may be examined by that body in accordance with Article 350 of the revised Fourth ACP-EC Convention.

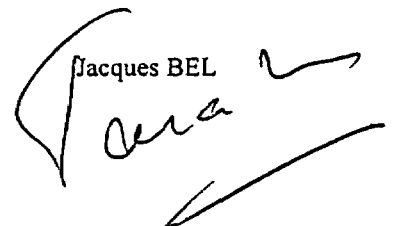
The necessary copies of this text will be made available to your services as soon as possible.

Yours sincerely,

Jean-Robert GOULONGANA



Jacques BEL



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I. Introduction

- (a) The year 2000 was marked by the finalisation on 3 February 2000 of the negotiations and the signature, on 23 June in Cotonou, Benin, of the new ACP-EC Partnership Agreement to replace the fourth Lomé Convention, which expired on 29 February 2000, as well as by the first steps towards its implementation.

The joint bodies under the Convention, in particular the ACP-EC Council of Ministers, also reviewed the implementation of cooperation under the Lomé Convention and addressed the problems encountered.

- (b) The new Partnership Agreement which associates 77 African, Caribbean and Pacific (ACP) States with the European Community and its Member States, whilst building on 25 years of development cooperation through the successive Lomé Conventions, is innovative in many ways.

This Agreement addresses in a comprehensive way a broad spectrum of areas of cooperation, ranging from enhanced economic and trade cooperation to an effective political dialogue. It intends to refocus development policies on poverty-reduction strategies.

It has a strong political content. Dialogue is at the very core of the new Agreement, enabling the parties to discuss openly fundamental development issues and any subjects of mutual interest. Respect for human rights, democratic principles and the rule of law are essential elements of the Agreement, as was the case in the Lomé IV Convention. But a new procedure has been drawn up for cases of violation of one of these essential elements.

The new Agreement entails a firm commitment on both sides to good gover-

nance as a fundamental and positive element of partnership, a subject for regular dialogue and an area for active development support.

The Agreement lends a new democratic dimension to the partnership by actively encouraging the involvement of civil society and non-State actors in shaping the future of their countries. It makes provision for informing and consulting those new actors and strengthening their capacities.

At the heart of the Agreement lies an interactive cooperation strategy linking the development strategies and the trade and economic partnership agreements.

Both parties agreed on the process to establish new trading arrangements that will pursue trade liberalisation between the EU and the ACP States as well as between the ACP States themselves, the ultimate goal being a better integration of the ACP States into the world economy. Negotiations for World Trade Organisation (WTO) compatible trade partnership agreements will start no later than September 2002. This two-year preparatory period will be used to strengthen regional integration processes and the capacity of ACP States to conduct trade negotiations. A six-year period is programmed for these negotiations. The new arrangements will thus enter into force no later than 2008. In 2004, an evaluation will be made of the situation of those countries (except for the least developed countries) which have decided that they are unable to negotiate partnership agreements. The EU would then study the possible alternatives in order to offer those countries a new trade framework equivalent to their existing situation in compliance with WTO rules.

The new Agreement foresees an improved trade regime for all least

developed countries (LDCs), of which 39 belong to the ACP Group.

Both parties agreed on the interim trade regime to be applied between 2000 and 2008. The ACP States and the Community have asked the WTO for a waiver that will allow them to keep the present preferential arrangements during this preparatory period.

As regards financial cooperation, a number of radical changes were also introduced. The allocation of funds will be based not only on an assessment of each country's needs but also of its performance. A new system of rolling programming was put in place, allowing the Community and beneficiary country regularly to adjust their cooperation programme. Instruments of cooperation will be rationalised. An investment facility was created to support the development of the private sector. The system for the stabilisation of ACP and OCT export earnings (Stabex) and the special financing facility for ACP and OCT mining products (Sysmin) will be abandoned. Considering the vulnerability of the ACP economies to fluctuations in export earnings, it was agreed to take into account the consequences of such fluctuations, but in a much more coherent manner in the programming process and with a view to supporting general or sectoral reform efforts.

The ninth European Development Fund (EDF) will be worth EUR 13 500 million, of which EUR 10 000 million is intended for the long-term financial envelope, EUR 1 300 million for the regional envelope and EUR 2 200 million for the investment facility. On top of this comes EUR 1 700 million in European Investment Bank (EIB) loans. The total will therefore be EUR 15 200 million.

It has been agreed that this amount, plus the outstanding balances of previous

funds (EUR 10 000 million), will cover the period 2000–07. The European Commission has made a political undertaking to ensure, with those resources and over that period, a significant increase in disbursements for the ACP States. Taking up this challenge entails a major overhaul of the old Convention's instruments and procedures, as well as an in-depth reform of procedures and implementation modalities on both sides.

The financial protocol will be adjusted every five years. The ACP–EC Council of Ministers will be able to review regularly the procedures for implementing cooperation and the approaches taken to development strategies. This new approach will make for greater flexibility and allow countries to learn from experience and adapt the system of cooperation to changing situations and requirements.

The decision to implement the Agreement for a period of 20 years is a sign of the determination of both parties that the ACP–EC partnership should be a long-term relationship.

II. Overview of the work of the ACP–EC institutions

1. Council of Ministers ⁽¹⁾

(a) The ACP–EC Council of Ministers held its 25th session in Cotonou, Benin, on 22 June 2000.

(i) Under the ‘A’ items the Council:

— adopted the formal and informal titles of the Partnership Agreement:

- formal name:

‘Partnership Agreement between the members of the African, Caribbean and Pacific Group of States, of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000’;

- informal name:

‘the Cotonou Agreement’;

— delegated its powers to the ACP–EC Committee of Ambassadors to approve:

- the transitional measures applicable from 2 August 2000 until the entry into force of the Cotonou Agreement;
- the rules of procedure applicable to:

the ACP–EC Council of Ministers,

the Joint ACP–EC Ministerial Committee on Trade;

- the compendium on cooperation strategies;
- the 1999 annual report of the ACP–EC Council of Ministers.

(ii) During a discussion on the various aspects of ACP–EC cooperation, under ‘B’ items of the agenda, the Council addressed, in particular, the following questions.

Trade cooperation

(a) *Implementation of the Agreement on Sanitary and Phytosanitary Measures (SPS) on fish and pesticides*

- *Fish*

While sharing the concern for human health, the ACP States insisted that the measures taken by the Community be proportionate to the actual risks and that the procedures intended to resolve the trade difficulties encountered by the ACP States be applied swiftly. The ACP States concerned also asked for financial and technical assistance so as to be able to conform with EU standards.

The Community noted these concerns and stated that a programme was under way to bolster the ACP States’ ability to tackle sanitary and veterinary problems. Mr Nielson, Member of the Commission, informed the meeting that the Commission was currently preparing a communication on the contribution from the fisheries sector towards poverty reduction.

As for the list of countries authorised to export fishery products to the EU, the

⁽¹⁾ The minutes of that meeting are contained in document ACP-CE 2134/00 – ACP/21/005/00.

ACP side reiterated that certain countries were still awaiting a response from the Commission.

Emphasising the importance that the EU attached to consumer protection, Mr Nielson said that:

- the measures suspending arrangements with Tanzania had been lifted;
- the measures against Uganda and Kenya would be lifted as soon as the recommendations made for settling the problems had been implemented satisfactorily.

- *Pesticides*

The ACP States pointed out that unless maximum residue limits (MRLs) for pesticides introduced unilaterally by the Community were standardised and notified in advance they would hamper ACP exports to the Community.

The Community stressed that these measures were aimed primarily at protecting consumers and Mr Nielson stated that, at the explicit request of the ACP States, it had been decided that application of the new maximum residue levels would be postponed until 1 July 2001. He referred to the technical assistance action plan for the ACP States which the Commission had announced on 11 April 2000 at the meeting of the ACP–EC Trade Cooperation Subcommittee.

(b) *Follow-up to the WTO Ministerial Conference in Seattle*

Both sides considered that this conference had failed and agreed that a future meeting needed to be better prepared, with a view to reaching a higher degree of convergence and to better integrating developing and, in particular, ACP countries into this process.

(c) *Request for a waiver at the WTO*

The ACP side asked the Community to do its utmost to obtain this waiver in good time by withstanding any pressure applied to link a waiver to the banana dispute.

The Community stated that the process in Geneva had started with the discussion of the EC request for a waiver for the ACP–EC Partnership Agreement at the WTO Council for Trade in Goods on 5 April and at an informal meeting of the WTO Council on 18 April.

It was in the EC's interest not to lose credibility and to reassure its partners, in particular the United States and the banana producers, that it was not seeking a waiver from Article XIII.

- *Sugar*

The ACP–EC Council of Ministers took note of a statement by the ACP ministerial spokesman on sugar, on behalf of the ACP States party to the sugar protocol of the Lomé Convention, who reminded the meeting that the current arrangements were due to expire in June 2001, and asked the Commission to retain the guidelines used in the present system in its proposal on the future system.

Mr Nielson answered that the prices guaranteed to ACP States were comparable to those available to Community producers but were still above world market prices. He stressed that the ACP sugar industry had to adapt to the liberalisation of the world market and to fiercer competition.

- *Bananas*

The Council heard a statement made on behalf of the ACP States. Particular

reference was made to the ACP resolution adopted at its meeting on 20 and 21 June 2000, which:

- reiterated the ACP position in favour of maintaining the tariff quota system for at least 10 years and of introducing a tariff of EUR 275 for the ACP quota;
- asked the Community to ensure that the commitment made towards the ACP be honoured by guaranteeing access to the European market for ACP bananas, maintaining the advantages that they currently enjoyed on this market and continuing to offer these advantages in the new Partnership Agreement, and by making sure that the States concerned had sufficient time to restructure their economies and to adapt to developments in the situation;
- considered that the EU had done everything in its power to make the system compatible with WTO rules but that it had run into strong opposition from the United States and from certain producers in Latin America.

The Union then made the following statement:

‘The Community is continuing its internal discussions on the modification of its banana regime, on the basis of a proposal by the Commission. We are assessing the different aspects of this modification in the light of the interests of all stakeholders, including, of course, the ACP and Community banana suppliers.

The Commission is continuing its contacts with all stakeholders in search of a solution based on a method of distribution of licences in a transitional tariff

quota system agreed by all the parties. So far, it has not been possible to bring these discussions to a close owing to persistent differences in positions.’

Customs cooperation

Both parties agreed upon the necessity of improving information and administrative cooperation to avoid problems.

Enlargement

As required by the Convention (Article 358), the EU Presidency briefed the Council on the progress of negotiations for accession to the Union.

Somalia

The Council heard a statement from Minister Elmi Borh of Djibouti on the conference taking place in Arta, Djibouti, to restore peace and security in Somalia. The minister referred to the resolution that the Council of ACP Ministers adopted on 21 June asking the Union to allow the new institutions emerging from that conference to benefit from all of the provisions of the Cotonou Agreement.

Accessions to the Partnership Agreement

The Council agreed to the Cook Islands, the Republic of Nauru, the Republic of Palau, the Republic of the Marshall Islands, Niue and the Federated States of Micronesia becoming contracting parties to the Cotonou Agreement. It was agreed that these countries would be accepted as signatories to the Agreement. The accession of these countries was welcomed.

ACP-EC Joint Assembly

The Council took note of the resolutions adopted by the ACP-EC Joint Assembly at

its meetings held in Nassau, The Bahamas, in October 1999 and in Abuja, Nigeria, in March 2000.

(iii) The Council took note of reports from ministerial meetings of the Commodities Committee and of the Development Finance Cooperation Committee (see below).

(iv) Under the 'C' items, there was an informal exchange of views on the following items:

- modalities for implementing political dialogue;
- modalities for the consultation and participation of non-State actors in the ACP-EC partnership;
- HIV/AIDS and other communicable diseases in ACP countries.

(b) Decision No 1/2000 of the ACP-EC Council of Ministers of 27 July 2000 regarding transitional measures valid from 2 August 2000 until the entry into force of the ACP-EC Partnership Agreement

In the follow-up to the decision the ACP-EC Committee of Ambassadors had taken on 28 February 2000 ⁽¹⁾ whereby transitional measures applicable until 1 August 2000 were adopted, and in accordance with the second subparagraph of Article 366(3) of the Convention, the ACP-EC Council of Ministers adopted, on 27 July 2000, transitional measures to cover the period between 2 August 2000 and the entry into force of the Agreement ⁽²⁾.

⁽¹⁾ OJ L 56, 1.3.2000

⁽²⁾ OJ L 195, 1.8.2000

By this decision, the parties, in particular, agreed to provide for an early application of the Cotonou Agreement with the exception of provisions concerning the release and implementation of financial resources from the ninth EDF. Financial cooperation during the interim period will be financed with resources remaining from previous EDFs. Programming of resources available from the ninth EDF could, however, be started immediately, implying an indicative allocation but not a commitment of funds.

(c) Decision No 2/2000 of the ACP-EC Council of Ministers on granting financial support to an investment financing programme for industrial and business development in the ACP States ⁽³⁾

This decision takes into account the key role assigned by the fourth ACP-EC Convention to the private sector in helping to restructure the ACP economies, especially by creating jobs, boosting earnings and integrating these economies into the global economy, as well as the European Community's new strategy for private sector development in developing countries, placing emphasis not only on support to macroeconomic reform policies, but also on support to intermediary and microeconomic levels.

In order to ensure continuity of development financing operations until the entry into force of the new investment facility of the Cotonou Agreement, it provides for unallocated and unused resources from the sixth, seventh and eighth EDFs to finance risk capital operations in ACP States of up to EUR 300 million.

⁽³⁾ OJ L 17, 19.1.2001.

(d) Decision No 3/2000 of the ACP-EC Council of Ministers on the adoption of specific financial measures to ensure the continuity of certain activities of the eighth EDF before the entry into force of the Cotonou Agreement ⁽¹⁾

By this decision, both parties ensured that, while awaiting the entry into force of the Cotonou Agreement, the following activities can be pursued through using unallocated funds from the eighth EDF:

- Centre for the Development of Enterprise (CDE) budget 2001: EUR 22 million
- Technical Centre for Agriculture and Rural Development (CTA) budget 2001: EUR 12 million
- additional funds for indicative national and regional programmes: EUR 125.6 million
- intra-ACP regional cooperation: EUR 265 million
- aid for refugees: EUR 100 million

2. Committee of Ambassadors

- (a) The ACP-EC Committee of Ambassadors held its 47th meeting on 15 May 2000 in Brussels to prepare for the proceedings of the aforementioned meeting of the Council of Ministers.

The minutes of that meeting are contained in document ACP-CE 2136/00 — ACP/22/006/00.

⁽¹⁾ OJ L 8, 12.1 2001

- (b) The ACP-EC Committee of Ambassadors held its 48th meeting on 26 September 2000 in Brussels to discuss, in particular, a draft decision concerning the establishment of a reserve to finance decisions under Stabex and Sysmin for the period 2 August 2000 to 31 December 2000 (see document ACP-CE 2143/00) ⁽²⁾.

The ACP side referred to its requests regarding Stabex transfers for Burundi and Sudan and transfers not honoured for implementation years 1990 to 1993.

On the question of Burundi and Sudan, the Commission stressed that there was no problem regarding the availability of funds, and stated that:

- the last technical problems standing in the way of freeing up funds for Burundi would soon be resolved;
- regarding Sudan, the statement made by the Community at the 25th meeting of the ACP-EC Council of Ministers in Cotonou and the explanations given at that time still held ⁽³⁾.

In reply to the ACP States' requests regarding transfers not honoured for implementation years 1990 to 1993, the Commission made the following statement:

'The Commission draws attention to the fact that, in allocating financial resources for the new programming under the ninth EDF, account will be taken as far as possible of problems resulting from fluctuations in export earnings, as provided for in the Cotonou Agreement.

⁽²⁾ The minutes of that meeting are contained in document ACP-CE 2145/00 — ACP/22/007/00.

⁽³⁾ See document ACP-CE 2134/00.

Two specific elements will be proposed: firstly, providing support in the case of export-earnings fluctuations, and, secondly, taking account of the past level of Stabex transfers.¹

The ACP agreed in principle to the transitional measures proposed in document ACP-CE 2143/00 pending receipt of the written text of the statement and provided that the transfers not honoured for implementation years 1990, 1991, 1992 and 1993 which amounted to EUR 2 200 million were taken into account in the programming of resources under the ninth EDF for the 42 ACP States concerned.

This decision was formally adopted on 26 September 2000 (Decision No 3/2000 of the ACP-EC Committee of Ambassadors published in Official Journal L 303 of 2 December 2000).

- (c) The ACP-EC Committee of Ambassadors held its 49th meeting on 13 December 2000 in Brussels.

The ACP-EC Committee of Ambassadors agreed, in particular, to the following draft decisions, prepared by the ACP-EC Development Finance Cooperation Committee at its 10th meeting on 1 December 2000 in Brussels ⁽¹⁾.

- Draft decision of the ACP-EC Council of Ministers on granting financial support to an investment financing programme for industrial and business development in the ACP States (document ACP-CE 2146/00);
- Draft decision of the ACP-EC Council of Ministers on the adoption of specific financial measures to ensure the continuity of certain

activities of the eighth EDF before the entry into force of the Cotonou Agreement (document ACP-CE 2157/00).

Both decisions were subsequently formally adopted by the ACP-EC Council of Ministers through the written procedure (see above).

- As regards the compendium providing policy guidelines in specific areas or sectors of cooperation (see Article 20 of the Cotonou Agreement), the ACP-EC Committee of Ambassadors noted that there was political agreement on the text of the compendium, as amended (document ACP-CE 2142/00 + AMD 1), instructed a group of experts to draw up a consolidated text on those bases, and agreed that the compendium would be formally adopted by the ACP-EC Committee of Ambassadors by the written procedure before 31 January 2001.

The Cotonou Agreement states that the objectives of ACP-EU development cooperation shall be pursued through integrated strategies that incorporate economic, social, cultural, environmental and institutional elements that must be locally owned. Cooperation shall thus provide a coherent enabling framework of support to the ACP's own development strategies, ensuring complementarity and interaction between the various elements.

Systematic account shall be taken in mainstreaming into all areas of cooperation the following thematic or cross-cutting themes: gender issues, environmental issues, and institutional development and capacity building.

These texts are gathered together in a compendium and may be revised, reviewed and/or amended by the

⁽¹⁾ The minutes of that meeting are contained in document ACP-CE 2163/00 — ACP/22/010/00

ACP-EC Council of Ministers on the basis of a recommendation from the ACP-EC Development Finance Cooperation Committee.

Following the decision by the ACP-EC Committee of Ambassadors, the compendium was finalised and formally adopted on 30 January 2001 ⁽¹⁾.

- (d) The ACP-EC Committee of Ambassadors agreed to adopt the rules of procedure of the ACP-EC Council of Ministers and Committee of Ambassadors by the written procedure before 2 February 2001. Following this decision, these rules of procedure were formally adopted ⁽²⁾.
- (e) Concerning the procedure for the selection of the two deputy directors of the Centre for the Development of Enterprise, the ACP-EC Committee of Ambassadors, referring to the provisions of Article 4(2) of Decision No 1/2000 of the ACP-EC Council of Ministers, instructed the director of the CDE to begin without delay the fair and transparent selection procedure for two deputy directors of the CDE, with a view to their appointment as soon as possible by the ACP-EC Committee of Ambassadors for the transitional period up to 31 August 2002.

The ACP side confirmed, in connection with the allocation of senior posts, including those to be held by the ACP States in the joint institutions, that the post of ACP deputy director of the CDE had been allocated by the ACP-EC Council of Ministers to the west African region.

⁽¹⁾ Decision No 1/2001 of the ACP-EC Council of Ministers on the compendium providing guidelines in specific areas or sectors of cooperation (document ACP-CE 2102/1/01 REV 1 — ACP/21/001/01).

⁽²⁾ Decision No 1/2001 of 30 January 2001 of the ACP-EC Committee of Ambassadors (OJ L 43, 14.2.2001)

- (f) The ACP-EC Committee of Ambassadors adopted a decision on interim arrangements for the continued operation of the Centre for the Development of Enterprise ⁽³⁾.

Pending the appointment of members to the executive board of the Centre for the Development of Enterprise, it shall be for the chairman of the ACP-EC Committee of Ambassadors to deal on the latter's behalf with all matters which, according to the relevant provisions of the centre's staff regulations and financial regulation, are subject to approval by the centre's executive board or the chairman thereof, and which need to be disposed of as a matter of urgency in order to ensure that the centre continues to operate properly.

This decision shall remain in force until the members of the executive board of the centre have been appointed, but no later than the date of the next meeting of the ACP-EC Committee of Ambassadors.

3. Joint Assembly

The ACP-EC Joint Assembly held its 30th session in Abuja, Nigeria, in March 2000 and its first session as the ACP-EU Joint Parliamentary Assembly in Brussels, Belgium, in October 2000.

The work of the 30th session centred on the future of ACP-EU relations, with particular reference to the negotiations for the successor Agreement to the Lomé Convention. Particular emphasis was given to the following issues: the new ACP-EU trade arrangements; the WTO; the essential elements of the new Partnership Agreement; the EDF allocations; and immigration. The Assembly also looked at the situation in various

⁽³⁾ Decision No 7/2000 (see document ACP-CE 2160/1/00 REV 1).

regions and countries, amongst others in Nigeria, Côte d'Ivoire, Cuba, Ethiopia/Eritrea, Haiti, Great Lakes region, Sudan, Angola, Somalia and Zimbabwe.

The work of the first session of the Joint Parliamentary Assembly, which had been set up under Article 17 of the new ACP-EC Partnership Agreement, dealt, in particular, with the ACP-EC partnership and the challenges of globalisation and the new rules of procedure of the Joint Parliamentary Assembly. The Assembly looked at the situation in various regions and countries, including Liberia, Sierra Leone, Great Lakes region, Zimbabwe, Haiti and the Pacific region.

The resolutions adopted by the Joint Assembly and the Joint Parliamentary Assembly were transmitted to the ACP-EC Council of Ministers ⁽¹⁾.

⁽¹⁾ OJ C 263, 13.9.2000 and OJ C 64, 28.2.2001.

III. Activities of the ACP-EC Council of Ministers in the various areas of cooperation

1. Trade and customs cooperation

(see documents ACP-CE 2110/00 and ACP-CE 2159/00 in Annexes I and II)

2. Sugar

The intervention prices for sugar for the 1999/2000 marketing year to which the guaranteed prices must be bound were adopted by the EU Council in June 1999. These prices were set at EUR 52.37/100 kg for raw sugar and EUR 63.19/100 kg for white sugar.

The intervention prices for sugar for the 2000/01 marketing year to which the guaranteed prices must be bound were adopted by the EU Council in July 2000. These prices were set at EUR 52.37/100 kg for raw sugar and EUR 63.19/100 kg for white sugar.

3. Cooperation on commodities

(see document ACP-CE 2127/00 in Annex III)

4. Development finance cooperation

(see documents ACP-CE 2126/00 and ACP-CE 2169/00 in Annexes IV and V)

5. Industrial cooperation

A summary of the activities of the Centre for the Development of Enterprise in 2000 is contained in Annex VI to this report.

6. Agricultural and rural cooperation

A summary of the activities of the Technical Centre for Agricultural and Rural Cooperation in 2000 is contained in Annex VII to this report.

IV. Relations with South Africa

1. Trade, Development and Cooperation Agreement between the European Community and the Republic of South Africa

On 1 January 2000, the Trade, Development and Cooperation Agreement between the European Community and the Republic of South Africa (TDCA) entered into force on a provisional basis ⁽¹⁾. The objectives of this Agreement are to promote close relations between the parties, to support the efforts made by South Africa to consolidate the economic and social foundations of its transition process, to promote regional cooperation and economic integration in the southern African region and to promote the expansion and reciprocal liberalisation of trade and the integration of South Africa into the world economy.

The TDCA envisages the establishment of a free trade area over a transitional period lasting, on the South African side, a maximum of 12 years and, on the Community side, a maximum of 10 years from the entry into force of the Agreement. The free trade area covers the free movement of goods in all sectors. The Agreement also covers the liberalisation of trade in services and the free movement of capital.

An EU Council regulation implementing certain provisions of the TDCA was adopted on 17 December 1999 ⁽²⁾.

Work towards the Wines and Spirits Agreement between the parties continued during 2000. However, some differ-

ences still persist and work to resolve those differences is ongoing.

Negotiations for a fisheries agreement have remained stalled since 1999.

The first meeting of the Joint Cooperation Council took place in March 2000 in Pretoria.

2. Regulation on development cooperation with South Africa

The European Parliament and the Council adopted this regulation in co-decision on 29 June 2000 ⁽³⁾.

The objective of this regulation is to ensure the continuation of financing activities after the expiry of the previous Regulation (EC) No 2259/96 of November 1996 on 31 December 1999.

The budget line of the European programme for reconstruction and development in South Africa is intended to finance programmes aimed at contributing towards sustainable development, and consolidating the foundations for a democratic society and the rule of law, as well as improving the situation of the most disadvantaged groups in South African society. It further defines the aims and sectors of future intervention in the light of the Trade, Development and Cooperation Agreement with the European Union, signed in July 1999.

⁽¹⁾ OJ L 311, 4.12.1999.

⁽²⁾ Council Regulation (EC) No 2793/1999 of 17 December 1999.

⁽³⁾ OJ L 198, 4.8.2000, p. 1.

V. Annexes

Annex I

ACP–EC Convention of Lomé

***African, Caribbean and
Pacific Group of States***

***Council of
the European Union***

ACP/61/026/00

ACP-CE 2110/00

Summary record

of: the 56th meeting of the ACP–EC Trade Cooperation Subcommittee
on: 11 April 2000
at: ACP House, avenue Georges Henri 451, B-1200 Brussels

The ACP–EC Trade Cooperation Subcommittee met on 11 April 2000 at ACP House. The meeting was chaired by Mr Peter Carl, Deputy Director-General for Trade at the Commission. The ACP side was represented by HE Mr Peter O. Ole Nkuraiya, Ambassador of Kenya.

1. Approval of the agenda

The agenda was agreed as set out in document ACP/61/021/00 — ACP-CE 2107/00.

2. Implementation of the Agreement on Sanitary and Phytosanitary Measures (SPS) on:

(a) Fish

The subcommittee discussed two items under this heading: the list of third countries authorised to export fishery products to the EU and the suspension of imports of fishery products from Kenya and Uganda.

- (i) As regards the list of harmonised third countries, the EC side argued that this is an example for ACP–EU cooperation on sanitary and veterinary matters. The

ACP States were informed in good time about the process of implementing the SPS Agreement and the EC is open to suggestions from the ACP States. In addition, a programme has been developed for strengthening the implementation capacity of ACP States in relation to sanitary and veterinary controls with regard to fishery products. The EC side emphasised that its experience has been best with those countries which have given due importance to bolstering their competent authorities on sanitary and veterinary matters and cooperating with the necessary inspection visits.

- (ii) As regards the suspension of imports of fishery products from Lake Victoria, the EC side noted that the suspension of fishery imports from Tanzania was lifted at the beginning of this year after the authorities provided adequate guarantees. Meanwhile, the other countries involved have also provided additional information. Another inspection visit to Kenya will be arranged as soon as the Commission's experts have found that its recommendations have been duly implemented and, if the results are positive, the Commission will propose that the suspension be lifted. Uganda has recently sent essential guarantees

relating to its sanitary and veterinary situation and has arranged to rely temporarily on a European laboratory to carry out the necessary sanitary checks. Commission experts are therefore finalising their examination with a view to proposing the lifting of the suspension on a provisional basis. In addition, Uganda is putting in place its own laboratories which, subject to another inspection visit, could pave the way for Uganda joining the list of harmonised countries authorised to export fishery products to the EU.

The ACP States stated that the implementation of the SPS Agreement places an undue burden on exporting countries as procedures for export are accepted or rejected only at the point of entry into the import market. For ACP countries without the necessary infrastructure to ensure compliance with health regulations in the destination country, this places an undue risk on the exporter and in the long term inhibits investment. ACP countries therefore require a breathing space in which to implement necessary measures. As regards the particular problem of fish exports from Lake Victoria, the ACP States appreciate the solution being found for Tanzania and Uganda, but stressed the need for a regional solution and for technical assistance to all three countries.

The EC side noted that the request for technical assistance was reasonable and that a formal request was likely to receive a positive response.

(b) Pesticides

The EC side gave some background to the current legislation. Over the 1990s the objective of consumer protection became ever-more important and the EC embarked on a harmonisation programme for pesticides, including fixing maximum limits for residues (MRLs), notably on fruit and vegetables. These maximum residue limits do not discriminate between domestic and imported produce. MRLs are set on the basis of technical and scientific data resulting

from controlled experiments, and Community practices and policies in this area are similar to those of other developed countries. MRLs are not non-tariff barriers but legitimate consumer-protection measures. The limits are constantly reviewed to take account of the latest technical and scientific data. The current phase of the harmonisation programme has a deadline of 1 July 2000 and further work will be carried out up to 2003 at least.

The EC side realises that this timetable puts great pressure on all developing countries — as well as farmers in the Community — to minimise and make safer the use of pesticides on their crops. However, the EC is prepared to provide information and assistance to the ACP States. In future, they should be involved from the beginning whenever a phytosanitary measure is envisaged and the EC is prepared to inform the ACP States as a group in good time whenever the WTO is notified of a planned measure. In addition, an action plan is being drawn up to help the ACP States cope with the introduction of MRLs. In this context, the EU is prepared to make available technical assistance to the ACP. The EC side proposed that a meeting of experts be convened as soon as possible to discuss the action plan, and the results of these discussions be presented to the ACP-EC Committee of Ambassadors.

The ACP States welcomed the EC effort to harmonise its legislation on pesticide control, but expressed its concern with the lack of consultations and information as required under the SPS Agreement and in accordance with Article 12 of the Lomé Convention. Whilst supporting the need for consumer protection, the ACP States said that undue restrictions have serious implications for diversification of ACP economies and the development of their horticultural products and fruits, and argued that the EC should not unilaterally set MRLs that are unduly stringent and which do not have any relevance to the genuine protection of human health, as such measures have the same effect as non-tariff barriers. The ACP States expressed the hope that the July 2000 deadline will be

extended and also that the EC will produce mechanisms for the control of pesticide exports to ACP countries.

The EC side believed that, as the issue was that of residue limitation, and not banning of pesticides, then controlling pesticide exports was not going to solve ACP problems. On the question of a deadline of the extension, the EC was not in a position to be flexible, but recommended the early implementation of the action plan as a means of assisting the ACP States.

The subcommittee endorsed the proposal that the experts should convene as soon as possible and noted that this should, if possible, take place before the meeting of the ACP-EC Committee of Ambassadors.

3. EC regulation on ACP/OCTs' rice

The EC side noted that the issue of rice was, as ever, extremely sensitive. During the negotiations for a partnership agreement, the EC and ACP reached agreement on a joint declaration that confirms the importance of effective and transparent implementation of ACP rice exports. In this context, the Commission notified the ACP States in December 1999 of proposed amendments for the management of the tariff quota to deal with two identified problems — the overapplication for the quota and the risk of actual exports staying below available quantities. These amendments were applied from 1 January 2000. The Commission has subsequently noticed a significant improvement and therefore sees no real need for further measures when the situation on the EU rice market remains very precarious. However, the EC is ready to establish the joint working party foreseen in the context of the Partnership Agreement.

The ACP States recalled that, whilst they were informed of the proposed modifications, the regulation does not take account of the views expressed by the ACP rice indus-

try on the quota administration. The ACP rice industry would prefer:

- (i) the establishment of two tranches rather than three;
- (ii) for ACP exporters to be regularly advised of the licensed EU rice importers.

The subcommittee noted that, as these requests were largely of a technical nature, the experts from both sides should examine them.

4. Follow-up to the WTO Ministerial Conference

The EC side gave a brief update of the current state of affairs following the failure of the Seattle Conference. There were a number of political and administrative reasons why Seattle had failed but the EC believes that its basic objectives for a comprehensive round remain valid. It shares the preoccupations of the ACP States regarding the lack of transparency within the negotiation procedures. As regards the timing of a new round, despite comments that this will not be possible until after the US presidential election, the Commission understands that the current US administration and other partners are eager to launch a new round this year. The views of the ACP States regarding the objectives for a round were extremely valuable to the EC. Some had participated in meetings of the Friends Group in Geneva, and the EC would like to see more ACP countries in this group.

The ACP States noted that their primary concerns related to the implementation of the confidence-building measures before consideration is given to launching any new WTO round. They appreciate the fact that mandated negotiations on agriculture and trade in services have started, and have taken note of the efforts being made by the Director-General of the WTO to address the problems relating to the integrated framework for the LDCs and reforms of the WTO decision-making procedure. They also note that WTO members are

being urged to give consideration to developing countries' concerns on market access, trade-related aspects of intellectual property rights (TRIPs), trade-related investment measures (TRIMs) and the extension of expired transitional periods, and urge the EU to be in the front line to support such measures. The ACP States would like to see greater transparency in the implementation of current commitments and improved market access, particularly for LDCs, before assessing the need for a new round.

The EC side noted that the concerns of the ACP States were being discussed in Geneva and that confidence-building measures needed to be conducted as soon as possible. As regards greater market access for LDCs, the EC was at the forefront in pushing for this within the Quad Group, which has now accepted a limited extension of the deadline for the implementation on TRIPs/TRIMs.

The subcommittee took note of the positive steps that were being taken in the interests of developing countries.

5. Request for a waiver

The EC side noted that the process of obtaining a waiver for the ACP-EC Partnership Agreement had commenced in Geneva with the discussion in the WTO Council for Trade in Goods on 5 April. Furthermore, the reactions of WTO partners were more positive than expected. The draft decision text should now be presented as soon as possible, in order to start the 90 days for examination. It had been decided, in order to reassure the United States and the banana producers, not to seek a waiver from Article XIII (quotas). Concerning the geographical coverage of the Partnership Agreement and waiver, the EC was of the opinion that it was not reasonable to ask for a 'blank cheque', as would be the case if the list of participants was open-ended. In the EC's view, the best strategy on this issue is first to secure that a waiver is granted and then, if there are new signatories, to obtain an extension of the coverage in the WTO subsequently.

The ACP States emphasised that they wanted the waiver to be secured as soon as possible, and saw the implications of a 'blank cheque'. The ACP States have agreed a comprehensive strategy to defend the waiver, including a delegation to Geneva led by the Secretary-General of the ACP Secretariat and contacts with third countries and at all relevant regional and international meetings. In return, the ACP States hope that the EC has lobbied support from fellow Quad members, candidate countries and countries with which there are cooperation agreements.

The ACP States asked for an assurance that the waiver would not prejudice the granting of preferential treatment for ACP bananas. The EC side said that the banana issue was being dealt with separately and should not be affected by the waiver for the Partnership Agreement. The EC side welcomed the views of the ACP regarding the geographical coverage of the waiver request and the lobbying efforts undertaken by the ACP States. The EC for its part was lobbying fellow Quad members.

The subcommittee took note of the need to progress the request for a waiver as rapidly as possible.

6. ACP Secretariat presence in Geneva and observer status in the WTO

The EC side noted that the establishment of an ACP Secretariat presence in Geneva was taking shape, and stressed the support that it was willing to give. It hoped that both sides would be as loyal partners in Geneva as they had been in Brussels. As regards the question of ACP observer status, the EC completely supported the ACP States and understood that the problems that had arisen were with regard to the question of observer status for organisations.

The ACP States welcomed the support of the EC and noted that it intends to finalise the administrative procedures for the establishment of an office by the end of May. The ACP plans entail an effective presence in

Geneva to enable the Secretariat to relate to ACP representatives in Geneva, EU delegations and other missions, as well as with the heads of the WTO, the United Nations Conference on Trade and Development (Unctad), the International Trade Centre (ITC), the International Labour Organisation (ILO), the World Intellectual Property Organisation (WIPO) and other relevant bodies, as well as providing technical and administrative support to ACP missions in Geneva and ACP members outside Geneva. The additional financing agreement will need to be modified in order to get the office up and running as soon as possible.

The EC side understood that there was agreement in principle to a request for a modification of the financing agreement.

The subcommittee welcomed the progress that had been made.

7. Capacity building in the context of the WTO

The EC side stressed that it was very sensitive to the ACP States' concerns and constraints in opening up to the international trade system. There was a need for credible programmes to address these concerns, and, unfortunately, there was a gap in the WTO budget. A project had therefore been launched, with EC funding of EUR 10 million, to support the integration of the ACP States into the world trade system in the framework of the WTO. Both sides would have to be careful in planning the best way of spending the money available. Coherence with the activities of other international organisations was also essential.

The ACP States said that they were in the process of finalising proposals on the activities to be undertaken under the project before making appropriate proposals to the Commission. The project would be of direct benefit to ACP countries and will assist directly ACP negotiators in Geneva.

The subcommittee was informed that a group of experts composed of ACP and

Commission representatives is already studying these issues. This group was encouraged to accelerate its work and to come up with concrete guidelines and proposals as soon as possible. ACP representatives were also requested to accelerate consultations with their regional organisations and national authorities in order for their needs to be taken into account.

As regards the management of this project, following the internal organisation of the Commission, the EC side assured the ACP States that such technical issues would not impair the substance of the programme.

8. The Joint ACP-EC Ministerial Committee on Trade

The EC side welcomed the creation of the Joint ACP-EC Ministerial Committee on Trade in the Partnership Agreement as an important and positive development, and noted the desirability of taking the necessary decisions regarding the rules of procedure and appointments before the signing of the Agreement. It was therefore proposed that work should start immediately with the aim of presenting proposals to the ACP-EC Committee of Ambassadors meeting (or shortly thereafter leading to the written procedure). The EC side noted that the Agreement stated that the committee should meet at least once a year, but stressed that, in order to ensure productive meetings, it would need to be prepared in substance.

At the proposal of the ACP States, the subcommittee mandated the ACP Secretariat and the Commission to prepare the terms of reference and rules of procedure for approval by the ACP-EC Council of Ministers in Fiji.

9. Any other business — involvement of ACP regional organisations

The ACP States emphasised the necessity of involving ACP regional organisations in the preparation of the negotiation of new WTO-compatible regional trading arrangements,

within the context of the timetable stipulated in the Partnership Agreement (negotiations to start in September 2002). The ACP side proposed that the ACP Secretariat and the Commission should reflect urgently on this issue with a view to making proposals for adoption by the Council of Ministers.

The subcommittee mandated the Commission services to follow this up in liaison with the ACP Secretariat.

Annex II

ACP-EC Cotonou Agreement

**African, Caribbean and
Pacific Group of States**

**Council of
the European Union**

ACP-CE 2159/00

Draft summary record

of:	the 57th meeting of the ACP-EC Trade Cooperation Subcommittee
on:	21 November 2000
at:	ACP House, avenue Georges Henri 451, B-1200 Brussels

The ACP-EC Trade Cooperation Subcommittee met on 21 November 2000 at ACP House. The meeting was chaired by HE Mr Peter O. Ole Nkuraiya, Ambassador of Kenya. The European Community side was represented by Mr Roderick Abbott, Deputy Director-General of the Directorate-General for Trade.

1. Approval of the agenda

The agenda was agreed as set out in document ACP/61/089/00 — ACP-CE 2150/00, with a proposed modification by the ACP side that item 4 be changed to a more general heading of 'The impact of EU enlargement on trade relations with the ACP States', rather than simply dealing with trade in rum.

2. Capacity building in support of the preparation of economic partnership agreements (EPAs)

The EU side noted that the Commission is preparing a capacity-building programme to provide support to the ACP States in order to assist them in preparing for the negotiations for EPAs. The support will be provided primarily for capacity building at the regional level, but the Commission is not excluding other forms of assistance and would

welcome suggestions from the ACP side. The support programme will enable the ACP States and regions to define their negotiating mandate and to participate fully in the negotiation process. By 2004, both sides should know which countries have decided that they are not in a position to enter into an EPA and will therefore be in a position to carry out targeted assessments.

The Commission services said that they were aware of some concerns within the ACP Secretariat related to implementation procedures, and had therefore made a number of modifications to the financing proposal. In introducing these, the Commission had to integrate a certain number of procedural observations from the External Relations Common Service and the result is something of a compromise. As it was intended to present the programme to the EDF Committee on 6 December, a formal request from the ACP-EC Committee of Ambassadors was urgently required.

The ACP side emphasised that there is a great and urgent need in ACP countries and regions for technical assistance in designing and finalising negotiating mandates, in capacity building in negotiating techniques and in the development of trade and trade-related policy. Furthermore, ACP countries

urgently need to organise workshops to understand the concept of EPAs and other feasible alternative trading arrangements, and to undertake impact studies of the implications on the broader economic and fiscal adjustments entailed in the implementation of EPAs. In this regard, there will need to be capacity building for the ACP Secretariat and ACP regional organisations.

The ACP side noted that the plan for assistance put forward by the EU side was generally agreeable to them, although they questioned the modalities for implementing the assistance and, in particular, the use of EU chosen experts. The ACP side believes that it would be more helpful to provide resources for the ACP States to use the experts of their choice. However, the ACP side had not fully considered the issue and had not yet seen any documentation and therefore requested more time to consider the matter.

The EU side confirmed that any advice given by experts to the ACP side would be confidential, and hoped that the ACP-EC Committee of Ambassadors would be able to make a formal request before the EDF Committee meeting.

The subcommittee took note of the fact that experts from both sides would be meeting on 23 November 2000 to discuss further issues relating to implementation of the assistance plan.

3. European Commission proposal to extend duty-free access without any quantitative restrictions to products originating in the least developed countries

The ACP side generally welcomed the Commission proposal to grant duty-free access on all products except arms and ammunition from the least developed countries (LDCs) as a bold measure, and hoped that other developed countries would follow suit. However, the ACP side stressed that, for the least devel-

oped countries to integrate fully into the world economy, additional measures would be needed to address critical issues such as supply-side constraints and non-tariff barriers to trade. They hoped, therefore, that the EU would continue to do more to provide meaningful assistance to the ACP LDCs, as well as small, landlocked, island and vulnerable ACP States. Furthermore, the ACP side raised some issues of concern to the ACP Group, namely differentiation between ACP States, which might undermine efforts towards regional integration and affect the competitiveness of the ACP vis-à-vis non-ACP LDCs. The ACP side drew attention to Declaration XXIII of the Cotonou Agreement and expressed concern that no consultations were held by the Community with the ACP before the announcement of the initiative on LDCs. Noting that the initiative provides for the progressive liberalisation over three years of trade in bananas, rice and sugar from LDCs, the ACP side stressed that this had led to fears of a negative impact on ACP competitiveness. The ACP side requested that the subcommittee discuss:

- the implementation of Declaration XXIII of the Cotonou Agreement;
- the preparation of impact studies on the effect of the initiative on all ACP economies;
- consultations with the ACP side in accordance with Article 12 of the Cotonou Agreement before a final decision is taken on the Commission proposal;
- that the proposal be put on the agenda of the first Joint ACP-EC Ministerial Committee on Trade.

The EC side stressed that no decision had yet been taken by the Council of Ministers on the Commission proposal, which allowed time for discussion with Member States and with the ACP side. It was not possible for the Commission services to discuss a proposal with the ACP before it was adopted by the College of Commissioners. The EU side

took note of the fourth paragraph of Declaration XXIII 'the Parties therefore agree to examine all necessary measures to maintain the competitive position of the ACP States on the Community market during the preparatory period ...' and of the ACP request for impact studies. The EU side pointed out that 39 of the LDCs which would benefit from the proposal are ACP countries, which leaves another nine LDCs as potential competitors to non-LDC ACP States. The EU side suggested that full impact studies could only be made once the final decision of the Council was known.

The subcommittee agreed to explore the matter further at expert level.

4. The impact of EU enlargement on trade relations with the ACP States

The EU side gave a brief update of the current situation regarding the enlargement negotiations with the countries of central and eastern Europe. Of the two groups of countries, the 'Luxembourg Group', with which negotiations began two years ago (i.e. Cyprus, Czech Republic, Estonia, Hungary, Poland and Slovenia), has now opened 29 chapters, dealing with all aspects of the Community *acquis* except institutional questions. The 'Helsinki Group', with which negotiations began only this year, has only started to deal with 17 chapters. Chapter 25 on customs union is still open for most candidates. On 18 November 2000, the Commission adopted reports on all 13 candidates, and the EU is determined to ensure an ambitious but realistic timetable for enlargement.

The ACP side took note of the situation and affirmed its intention to return to the issue once the negotiations on the customs union chapter were completed.

5. Sanitary and phytosanitary measures

The ACP side raised four issues under this heading.

(a) List of third countries authorised to export fishery products into the EU

The ACP side noted that, in accordance with the provisions of Decision 97/296/EC, third countries can export fishery products into the Community only if they appear on a list of approved countries and have submitted to the relevant Commission departments a complete dossier on the sanitary measures established in their countries. In spite of their efforts, a number of ACP countries had not succeeded in being included on this list and, furthermore, the countries in question had seldom been informed of the reasons why they had not been listed.

The EU side had always assumed that there had been good cooperation with the ACP States as regarded the harmonised list, and suggested that the best way to deal with the problem of communication was via the relevant technical committee.

(b) Problems regarding the export of fish from Lake Victoria to the EU

In raising this issue, the ACP side noted that it had been under discussion for some time. The ban on fisheries exports from Uganda had now been lifted, but that on exports from Kenya remained and was having severe negative effects on the economy.

The EU side informed the subcommittee that the Commission services had proposed to the Veterinary Committee meeting of 21 November (the same day as the Trade Cooperation Subcommittee meeting) that the ban on Kenyan exports should be lifted, and hoped for a satisfactory outcome.

(c) Problems relating to other sanitary and phytosanitary measures

The ACP side expressed its concern that measures relating to sanitary and phytosanitary norms for products such as fruit, vegetables, spices and meat were not communicated to ACP States in time for them to take all the necessary steps to comply with the

norms. Instead, the ACP Group had to access such information via the WTO. The ACP side also appealed for sufficient transitional periods, in accordance with Article 10 of the WTO Agreement on Sanitary and Phytosanitary Measures relating to special and differential treatment, and for the necessary technical assistance to upgrade their infrastructure and production to the required level. The ACP side hoped that such measures would not become non-tariff barriers to trade.

The EU chair stressed the importance of these measures and food safety in general to the EU and repeated the assurance made at the previous meeting of the Trade Cooperation Subcommittee that the ACP States would be informed in good time whenever new sanitary and phytosanitary measures were notified to the WTO (which they had to be before they were adopted by the EU).

(d) Technical assistance

The ACP side informed the subcommittee that a letter requesting technical assistance for the three east African countries affected by the ban on fish exports from Lake Victoria had not received any response from the EU, even when signed by the chairman of the ACP–EC Committee of Ambassadors.

The EU side took note of this problem and explained that a study had started which should result in a financing proposal for the ACP fisheries sector during the first half of 2001.

The subcommittee welcomed this announcement and the fact that further information on the financing proposal would be available in due course.

6. Joint working group on cooperation activities in international forums

The EU side explained that, since the second Ministerial Conference in Geneva in 1998, the EU and ACP had pursued joint meetings

on WTO matters and that before Seattle a joint working group was established. However, this group had not met since Seattle and the EU side believed that it would be valuable for the group to start meeting again on a regular basis and to report to the subcommittee. Recalling that Article 39 of the Cotonou Agreement underlined the importance of cooperation in international economic and trade cooperation in the WTO and other bodies, the EU side proposed that the subcommittee should request the working group to establish regular meetings and to report back on progress made.

The ACP side supported this proposal and stressed that there should be cooperation not only in the WTO but also in Unctad, the Food and Agriculture Organisation (FAO) and in the framework of the Codex Alimentarius.

7. Multilateral trade aspects

(a) Update on the WTO waiver request

The EU side informed the subcommittee that there was nothing new to report on this matter as any decision on the request was still being blocked by certain countries with interests in the EC banana regime. On the banana question itself, the Commission hoped that there would be an agreement by the ACP–EC Council of Ministers as soon as possible.

The ACP side expressed its regret that the request was being blocked and appealed to the EU to use its moral authority to ensure that the waiver was granted without undue delay. The EU side explained that the problem was to persuade a majority of WTO members.

(b) ACP Secretariat presence in Geneva

The ACP Secretary-General gave an update regarding the establishment of an ACP Secretariat presence in Geneva. The original plan for one office head and three consultants now appeared insufficient for the ACP

Group's aims, and there has been a reorientation of the project, which will require increased financing. The ACP Group has now received authorisation from the Secretary-General of the United Nations and indications of support from the Canton of Geneva and should therefore get the necessary approvals. An appropriate office has been identified and the requests for refurbishment have been made, and the process of recruitment must now get under way.

The EU side welcomed this progress report and hoped that the Geneva offices would be operational by early 2001. The relevant Commission services would be asked to accelerate the internal procedures in order to modify the original project and adapt it to the expanded financial envelope.

(c) Multilateral negotiations on trade in services

The EU side informed the subcommittee that it had put forward to other WTO members a proposal for negotiating guidelines for the General Agreement on Trade in Services (GATS) negotiations, with the aim of reducing the imbalance in commitments across members, service sectors and modes of supply. The EU is committed to the objectives of GATS Article IV and now that negotiations under GATS have started believes that it is crucial that developing countries start to identify sectors and modes of supply of interest to them. The EU wishes to see the inclusion of the maritime sector in this round of negotiations.

The ACP side thanked the EU for its proposals in this context and reported that it had yet to hold consultations on the inclusion of maritime services. The ACP side recalled that, during the negotiations on the Cotonou Agreement, the EU declined to respond to the ACP request for preferential market access in services on account of impending discussions in the WTO on further liberalisation of trade in services. The ACP side believes that it is now time to make its requests, and one area where the ACP has a competitive edge is in the export of natural

persons on a temporary basis to supply services in the EU market. The ACP believes, therefore, that the EU should allow short-term mobility of workers, including for relatively unskilled workers for sectors such as distribution, construction, health and transport. In return, the ACP countries would consider liberalising service sectors that are crucial to their economic development, although they would need to consult their Geneva delegations before making any firm proposals.

The EU side suggested that this was a matter that the joint working group on cooperation in international forums could examine, whilst noting that, as regarded ACP requests for preferential treatment, the GATS was designed to conform to most favoured nation (MFN) rules with exceptions being allowed only for regional economic agreements. The concept of preferential treatment in this area would therefore need to be considered very carefully.

The subcommittee agreed that the joint working group should examine this matter.

8. ACP-EC cooperation in facilitating ACP access to medicines

The EU side emphasised that the lack of key medicines for prevention and care is acute in many developing countries and, in particular, in many ACP countries, and declared the need to establish a global contract with the developing countries, the pharmaceutical industry and international organisations based on impact, affordability and research. The EU side stressed that it has been very active in this area over the last year, and noted that, in the light of the G8 meeting in Okinawa in December 2000, it would like to have a clear idea of an action plan with a contribution from the ACP.

The EU side highlighted four issues which it believed to be of key importance:

- differential pricing of essential medicines;

- local production of pharmaceuticals as a possible means of improving access to medicines;
- a careful review of the pricing of key pharmaceuticals (including the impact of tariffs, taxing and fees) used to combat tuberculosis, malaria and HIV/AIDS;
- implementation of the TRIPs Agreement, including possible assistance from the EU to LDCs.

The EU asked whether the ACP side had discussed these issues amongst themselves and whether the EU and ACP could agree on a dialogue for progression in this area which could be discussed at the G8 meeting.

The ACP side thanked the EU side for its presentation and the paper that had previously been forwarded by the Commission services, and regretted that it had not yet had time to examine this matter and so it could not be put on the agenda of the ACP-EC Committee of Ambassadors meeting. The ACP side noted that the EU sought the ACP's on the key issues that it had highlighted, and also noted that the EU pursues a policy of full implementation of the TRIPs Agreement by all WTO members. On the issue of TRIPs, the ACP reminded the sub-committee that the TRIPs Agreement is currently under review and suggested that some of the revisions which could be made to take on board the concerns of the ACP States with regard to access to medicines include:

- Article 27(1) to exclude the patentability of 'essential medicines' listed by the WHO;
- Article 30 so as to incorporate an explicit recognition of an 'early working' exception for the approval of generic products before the expiration of a patent;
- Article 31 in order to clarify the right to grant and the scope of compulsory licences for public health reasons.

The ACP side also noted that consultations were going on in Geneva on, amongst other things, the extension of transition periods before implementation of the TRIPs Agreement by developing countries, and believed that it should await the outcome of these consultations before taking any position.

On the developmental aspects of this issue, however, the ACP side called on the Commission to present programmes to improve the healthcare sectors in ACP countries.

The EU side said that it would be extremely pleased to receive ACP views on the ideas that it had put forward whenever this was possible. The ACP side agreed that the issue of access to medicines was important, and suggested that an HIV/AIDS programme currently involving 20 ACP countries might be extended to cover the whole ACP Group.

9. Any other business

Nothing was raised under this heading.

Annex III

ACP-EC Convention of Lomé

**African, Caribbean and
Pacific Group of States**

**Council of
the European Union**

ACP-CE 2127/00

Minutes

of: the ninth meeting at ministerial level of the ACP-EC Commodities Committee
on: 22 June 2000
in: Cotonou, Benin

The ninth meeting at ministerial level of the ACP-EC Commodities Committee was held on 22 June 2000 in Cotonou, Benin, under the chairmanship of Mr William Harrington, Minister for Commerce, Trade and Industry of Zambia. The EC spokesman was Mr Luis Amado, State Secretary for Foreign Affairs and Cooperation of Portugal and President of the Council of the European Union.

The Ministerial Committee adopted the report of its eighth meeting (document ACP-CE 2150/99 — ACP/67/036/99) and noted the joint report on the meeting of the Commodities Committee of 8 May 2000 (document ACP/67/012/00 — ACP-CE 2118/00).

The following matters were discussed:

- (a) use of vegetable fats other than cocoa butter in the manufacture of chocolate;
- (b) use of outstanding balances on Stabex:
 - (i) resources under Article 195(b),
 - (ii) transfers for Burundi and Sudan.

3(a) The use of vegetable fats other than cocoa butter in the manufacture of chocolate

The ACP Group recalled that the European Parliament had made 22 amendments in

October 1997 to the Commission proposal on the use of vegetable fats other than cocoa butter in the manufacture of chocolate.

After the examination of these amendments and the revised proposal of the European Commission, the ACP position was that the inclusion of 5 % of other vegetable fats in the manufacture of chocolate could only be profitable to the ACP if the following prerequisites were met:

- preservation of the quality of chocolate which guaranteed the purity of the cocoa-butter-based finished product through appropriate methods of detection and quantification with a view to determining whether the finished product (chocolate) was made exclusively from cocoa butter or vegetable fat other than cocoa butter so as to make it possible to differentiate between 'pure chocolate' and 'chocolate with vegetable fats other than cocoa butter';
- adoption of a more legible labelling system to enable the consumer, in particular, to know the composition of the ingredients contained in the finished product;
- in order to protect the commercial interests of shea-producing countries, it was

absolutely necessary to promote shea-nut kernels and shea butter in national, regional and international markets through appropriate studies and the utilisation of all relevant ACP–EU instruments;

- the use of vegetable fats other than cocoa butter should be restricted to tropical fats of ACP origin;
- the use of vegetable fats other than cocoa butter, obtained from using enzymatic production processes, should be prohibited in cases where this might have negative consequences on the use of shea butter in the production of chocolate;
- a study should be carried out on the impact of the directive on the economic situation of ACP countries concerned so as to establish the nature of compensation that might be necessary.

In response to the issues raised by the ACP side, the EC gave the latest information on the ‘chocolate directive’. The Council of the European Union had adopted on 25 May 2000, at its second reading, the European Parliament and Council directive relating to the use of vegetable fats other than cocoa butter in the manufacture of chocolate.

The EC side added that the EC had been and was aware of the importance that ACP States attached to this question. The directive adopted was a result of a delicate compromise owing to the sensitivity of the subject not only for the ACP States but also for the European Community which was why it had taken so long to reach agreement. It was a delicate and balanced compromise which ensured the free movement of cocoa and chocolate products while imposing very strict conditions on them in terms of composition and labelling and which took account both of consumer interests and those of the countries, especially the ACP States, which produced cocoa and other vegetable fats.

The EC side also pointed out that most of the issues raised were covered in the

directive. It highlighted that in the directive as it had been adopted:

- all the six vegetable fats other than cocoa butter allowed were of tropical origin;
- enzymatic production processes would not be allowed in general and for the six other vegetable fats above;
- the labelling required a double indication near the name of the product and within the ingredients.

The Commission indicated that transparency in the implementation of the directive was very important and that progress was being made in finding a reliable analysis process.

As for the study of the impact of the directive, the EC side thought it would be more useful once there was a clear picture of the real implementation of the directive. A study would be carried out within 66 months of the entry into force of the directive and the EC side thought that such a study would be more useful at that time, when the directive could also need updating.

Finally, the EC side concluded that it was well aware of the sensitivity of this issue politically and of the need to address the issues in a transparent manner and in a spirit of cooperation.

3(b) Use of outstanding balances on Stabex

3(b)(i) Use of Stabex resources under Article 195(b)

The ACP side requested to know whether the ACP–EC Council of Ministers could invoke Article 195(b) as considerable balances remained and wondered whether the EC could agree to this.

The EC side added that it was aware that with the end of the second financial protocol provisions needed to be made, as per Article

195(b) of the current Convention, for a decision on the use of any outstanding balances by the ACP–EC Council of Ministers and that the outstanding balances on Stabex were quite considerable.

The Commission indicated that expenditure for 1999 was higher than in previous years because of the fall in the prices for commodities as a whole and especially for coffee. Expenditure was likely to be in the range of EUR 220 million to EUR 250 million for about 20 countries. The Commission confirmed that it would take this decision by 31 July 2000 as set out in Article 207(3) of the Convention.

Ambassador Laurent, ACP Co-Chairman of the Subcommittee on Stabex, confirmed that there were considerable outstanding balances on Stabex and welcomed the acceptance to recourse to Article 195(b) of the Convention and also the Commission's comments on the 1999 year of application.

In reply to the remarks of the ACP co-chairman of the Subcommittee on Stabex on the decision on the use of the outstanding balances on Stabex, the Commission clarified that it did not accept recourse to Article 195(b) of the Convention but intended to include decisions on the use of Stabex balances in its proposals on transition measures from 2 August 2000.

It stated clearly that no decision had yet been taken on the method for deciding on the use of Stabex balances.

The EC co-chairman agreed with the Commission's comments and indicated that the EC was in the process of examining the Commission proposals to decide on the use of Stabex balances in the context of the transition measures but had no position at this stage.

3(b)(ii) Transfers for Burundi and Sudan

The ACP side asked for the latest information on Stabex transfers to Burundi and Sudan.

The EC side emphasised that Stabex could be a very technical issue but was also related to political issues as well.

On Burundi, it indicated that it seemed probable that the EC was in a position to make a positive response to the ACP Council's resolution but that there were some technical complications to be resolved before it could do so. It recalled that the General Affairs Council of the European Union, at its meeting on 22 May, had 'expressed the EU's willingness, where appropriate, to make full use of Lomé instruments and other relevant budget lines in order to provide, in addition to important humanitarian assistance, substantial aid for reconstruction and development, democratisation and institution building in the Great Lakes region. In this regard, the Council invited the Commission to consider ways to increase development cooperation with Burundi, notably in order to promote the implementation of the respective peace processes and progress towards democratisation'.

The Commission added that it had sent a mission to Burundi to examine the use of funds and to prepare a framework for mutual obligations to present to the Member States. It hoped to be able to do this by October 2000 and then to be able to transfer the funds.

It pointed out, however, that there was a technical problem preventing the mobilisation of the Stabex funds and more broadly the Community funds. All Burundian bank accounts in Belgium, including those with Stabex funds, were blocked by three judicial decisions (*saisies-arrêts*) as a consequence of a dispute between the Government of Burundi and some private investors.

The Commission and the Burundian Government were taking all the appropriate measures to exclude the accounts with Community funds from these decisions. A hearing had taken place and a judge's decision was expected. Owing to this situation, no new Stabex funds had been transferred. It was hoped that the situation could be

resolved and preparations were continuing in the meantime.

On Stabex transfers for Sudan, the Community made the following declaration: 'The Community wishes to refer to its previous declaration on this issue, made during the 20th meeting of the ACP-EC Council of Ministers in Réduit (Mauritius) on 3 and 4 November 1995, where the Community set out its reasons for the non-payment of Stabex transfers to Sudan.

Since then, the European Union decided, in November 1999, to renew political dialogue with Sudan for an initial period of one year.

This dialogue is being pursued and is progressing satisfactorily, but has not yet yielded the tangible results which would justify a resumption of cooperation at this stage.

Until the current political dialogue with Sudan has reached a positive conclusion, the Community reaffirms that it cannot proceed with the Stabex transfers which are being claimed.'

The EC concluded that it was in a position to respond positively on transfers to Burundi but was not yet in a position to do so for Sudan.

The ACP side expressed its appreciation for the information provided and on the progress on Burundi. It added that it would like to see more progress on the issue of Sudan and for the EU to look at this more positively. It was grateful that the EU had declared its position, which the ACP Group took serious note of.

4. *Any other business*

There were no items under any other business.

Annex IV

ACP-EC Convention of Lomé

**African, Caribbean and
Pacific Group of States**

**Council of
the European Union**

ACP/81/037/01

ACP-CE 2126/00

Minutes

of: the ninth meeting of the ACP-EC Development Finance Cooperation Committee under the fourth ACP-EC Convention (ministerial level)

dated: 22 June 2000

The ACP-EC Development Finance Cooperation Committee ⁽¹⁾, established by Article 325 of the fourth ACP-EC Convention, held its ninth meeting at ministerial level on 22 June 2000 in Cotonou, Benin. The meeting was chaired by the Honourable Victor Selormey, Deputy Minister for Finance of Ghana.

The co-chairman for the EC was Mr Luis Amado, State Secretary for Foreign Affairs and Cooperation of Portugal.

The European Commission was represented by Mr Theodorakis, Deputy Director-General, on behalf of Mr Poul Nielson, Member of the Commission.

1. Adoption of the agenda

(document ACP/81/025/00 REV 1 — ACP-CE 2119/1/00 REV 1)

The committee adopted the agenda as set out in the above document.

2. Approval of the draft minutes of the eighth meeting of the Development Finance Cooperation Ministerial Committee

(document ACP/81/010/99 + COR 1 — ACP-CE 2146/99 + COR 1)

The committee approved the minutes of the eighth meeting of the DFC Ministerial Committee as contained in the above document.

3. Consideration of the report and the resolution of the ACP-EC DFC Committee

(document ACP/81/010/00 REV 2 — ACP-CE 2112/2/00 REV 2)

On the basis of a joint oral report by the DFC Committee (authorised representatives) presented by Mr L. Amado (Annex I), the DFC Ministerial Committee considered the following items.

(i) 1999 progress report

The Commission representative informed the committee that a certain number of measures had already been taken or were under way in order to improve

(¹) Hereafter referred to as the DFC Committee.

the implementation of financial and technical cooperation, in particular as concerns the simplification and harmonisation of documents and procedures and the reorganisation of its services. The Commission also highlighted the first mid-term review which will facilitate future rolling programming, and the EDF Committee's approval of the Commission's proposals for implementation of the contribution to the 'Heavily indebted poor countries' (HIPC) initiative.

The EIB representative stressed, on the one hand, the important increase in operations in favour of the private sector. On the other hand, the EIB indicated that due to the situation in certain countries it could not intervene there.

Also, the EIB:

- recalled its full support of the HIPC initiative;
- stressed the role of the future investment mechanism as a principal source of long-term financing and as a catalyst for other sources.

The co-presidents thanked the Commission and the EIB for their information.

The committee agreed on the draft report on the implementation of financial and technical cooperation contained in the above document.

(ii) 1999 joint evaluation report

The committee confirmed the agreement *ad referendum* on the 1999 joint evaluation report contained in the above document.

(iii) Resolution on development finance cooperation in 1999

The committee confirmed the agreement *ad referendum* on the resolution on development finance cooperation in 1999.

4. Additional risk capital resources

Following a suggestion by the ACP side, the committee agreed to delegate powers to the DFC Committee at authorised-representative level, meeting in the autumn, to examine this matter with a view to coming to a decision and to report back at the next meeting.

5. Any other business

- (a) The ACP side suggested examining the possibility of a follow-up meeting to the constructive dialogue held in November 1999 in Accra between the ACP ministers, members of the DFC Committee, the European Commission and the Presidency of the Council of the European Union.

The EU took note of this suggestion and will examine it shortly.

- (b) The committee gave a mandate to the EU co-chairman to present a joint oral report on this meeting to the ACP-EC Council of Ministers, under point 10 of its agenda.

**Item 3 on the agenda of the ACP-EC
DFC Committee**

**Draft oral report from the DFC
Committee (authorised
representatives) (11 May 2000) to the
DFC Committee (ministers)
(ninth meeting on 22 June 2000)**

- (a) The ACP-EC Development Finance Cooperation Committee (authorised representatives), set up pursuant to Article 325 of the fourth ACP-EC Convention, held its ninth meeting on 11 May 2000 at ACP House in Brussels.

The outcome of our Committee's work will be found in document ACP-CE 2112/2/00 REV 2 — ACP/81/010/00 REV 2, which contains:

- a 1999 progress report on finance cooperation;
- a 1999 joint evaluation report;
- a draft resolution on the implementation of ACP-EC finance cooperation in 1999.

I am pleased to be able to inform you that the committee has reached *ad referendum* agreement on all the questions to which I have referred and I would suggest that we recommend the ACP-EC Council of Ministers to formally adopt this document.

- (b) The progress report deals, in turn, with programmable aid, debt and structural adjustment, EIB operations and the question of EDF-funded contracts. The report reaches the general conclusion that commitments for the 1999 financial year are very encouraging, but payment results are rather disappointing. Paragraphs 135 and 136 advocate solutions to deal with the situation.

- (c) In paragraph 146, the brief 1999 joint evaluation report on pages 49 and 50 of our document sets out a work programme for 2000, governed by the operational procedures we agreed on together and guided by the spirit in which the new provisions of the Partnership Agreement were negotiated.

- (d) The draft resolution of the ACP-EC Council of Ministers, given in Annex I to the document, summarises the report. It makes a number of follow-up recommendations to be implemented by the DFC Committee. Finally, it requests the DFC Committee to meet at the latest in the autumn to specify its tasks and work programme in the framework of the new Partnership Agreement.

- (e) For the sake of completeness, I would add that, when the committee met at authorised-representative level, the ACP side stressed the need to release additional resources through risk capital under the eighth EDF. Without commenting on the substance, the Union took note of this suggestion. The Commission will be forwarding a proposal on this to the Council of the European Union in the near future. We will then examine the matter in the hope of quickly reaching a joint decision.

This concludes my report to you on behalf of both sides.

Annex V

ACP-EC Cotonou Agreement

**African, Caribbean and
Pacific Group of States**

**Council of
the European Union**

ACP/81/023/01

ACP-CE 2169/00

Summary record

of: the 10th meeting of the ACP-EC Development Finance Cooperation Committee
(authorised representatives)
on: 1 December 2000

The ACP-EC Development Finance Cooperation Committee, set up by Article 325 of the fourth ACP-EC Convention, held its 10th meeting at authorised-representative level in Brussels on 1 December 2000. The meeting was co-chaired by Mr J. L. Nakamura for the Community and HE Mr G. K. Pepson, Ambassador of Papua New Guinea, for the ACP States. The Commission was represented by Mr Nicora, Head of Unit.

1. Adoption of the agenda

(document ACP/81/049/00 — ACP-CE 2155/00)

The committee adopted the agenda as set out in the above document.

2. Approval of the record of the ninth meeting of the ACP-EC Development Finance Cooperation Committee (authorised representatives) held on 11 May 2000

(document ACP/81/031/00 — ACP-CE 2122/00)

The committee approved the record of the ninth meeting of the DFC Committee

(authorised representatives) as contained in the above document. .

3. Consideration of the follow-up to certain issues raised in the resolution adopted on 22 June 2000 by the ACP-EC Council of Ministers in Cotonou, Benin, on development finance cooperation (implementation report 1999)

(document ACP/81/050/00ACP — CE 2156/00)

- (a) HIPC initiative and structural adjustment facility
- (b) Counterpart funds and internal debt of ACP countries
- (c) Private sector support and risk capital
- (d) Implementation procedures
- (e) Improvement of the workings of the DFC Committee

The committee:

- approved the abovementioned document, amended as follows:
 - paragraph 7 should read as follows: ‘Similarly, a first payment of EUR 100 million should be made before the end of the year to the special trust fund established with the EIB to alleviate the burden of debt owed by the ACP HIPC’s to the Community in the form of special loans and risk capital.’,
 - paragraph 8 should read: ‘... the contribution to the HIPC initiative totalling EUR 1 billion ...’;
- and agreed to submit the amended report to the forthcoming DFC Committee meeting at ministerial level.

4. Examination and adoption of two draft decisions concerning the transitional measures

(a) Transitional measures relating to additional resources for risk capital (document ACP-EC 2146/00)

The committee agreed to submit this draft decision to the ACP-EC Committee of Ambassadors with a view to its adoption by the ACP-EC Council of Ministers.

(b) Transitional measures relating to specific financial measures to safeguard the continuity of certain activities of the eighth EDF (document ACP-CE 2157/00)

The committee agreed:

- to submit this draft decision to the ACP-EC Committee of Ambassadors with a view to its adoption by the Council of Ministers;
- to have the attached Commission statement entered in the minutes.

5. Compendium providing policy guidelines in specific areas or sectors of cooperation (document ACP-CE 2142/00)

The committee agreed to suggest that the ACP-EC Committee of Ambassadors:

- record its political agreement to the text of the compendium as amended on the basis of the amendments suggested by the ACP States (document ACP-EC 2142/00 + AMD 1);
- instruct a group of experts to prepare a consolidated text on that basis;
- agree that the compendium should be formally adopted by the ACP-EC Committee of Ambassadors by the written procedure before 31 January 2001.

6. Any other business

No items were raised under any other business.

Annex to Annex V

Brussels, 28 November 2000

Statement by the Commission under agenda item 4(b): Specific financial measures to safeguard the continuity of certain activities of the eighth EDF

1. The Commission confirms that the implementation of this decision does not affect the reserve of EUR 410 926 000 established under Article 2(c) of Decision No 3/2000 of the ACP-EC Committee of Ambassadors of 26 September 2000. That reserve is intended to support development programmes identified following requests for aid which were submitted before 1 August 2000 but for which decisions cannot be taken before 31 December 2000 on account of the procedures necessary for adopting such decisions.
2. The Commission can also state that:
 - (i) the above reserve was established on the basis of the indicative maximum amounts that could be allocated to the various ACP States concerned; those amounts are shown in the table below and are subject to approval by the Community decision-making bodies for the relevant specific development programmes;

	<i>Million EUR</i>
Botswana	30.0
Dominican Republic	30.0
Gabon	35.0
Ghana	40.0
Guyana	4.9
Mauritania	45.0
Namibia	25.0
Niger	55.0
Papua New Guinea	50.0
Senegal	55.0
Sierra Leone	25.0
Suriname	7.0
Zambia	9.0
Total	410.9

- (ii) the above amounts will be included in the initial allocations of resources for programming under the ninth EDF provided for in Article 3(2)(b) of Annex IV to the Partnership Agreement signed in Cotonou on 23 June 2000.

Annex VI

Centre for the Development of Enterprise (CDE)

The year 2000 in brief

Following signature of the ACP–EC Partnership Agreement in Cotonou on 23 June 2000 and as from 2 August 2000, all the resources and activities of the Centre for the Development of Industry (CDI) were transferred to the Centre for the Development of Enterprise (CDE).

The Cotonou Agreement has given the centre a much wider mandate. The sectors eligible for assistance will be industry and agro-industry, construction, tourism, telecommunications, transport, private infrastructure management and support services linked to all of these sectors. The beneficiaries of the centre's assistance will be ACP enterprises, private sector organisations, development finance institutions, investment promotion organisations, consultants and advisory companies.

The year 2000 therefore saw the start of a period of transition during which the centre will gradually adapt to its new mandate.

Budget

As in previous years, one of the centre's priorities in implementing its budget was to ensure maximum utilisation to the benefit of operational activities.

The contribution from the European Development Fund to the centre's 2000 budget amounted to EUR 18 988 000, representing an increase of 8.8 % over the figure for 1999.

The amount initially available for operational activities was EUR 8 687 000. However, for the fifth year running and as a result of a general policy aimed at reducing administrative costs, it was possible to reallocate funds within the budget to supplement

the amount devoted to operational activities. In 2000, the overall transfer amounted to EUR 742 000.

Evolution of the main indicators of performance in 2000

The figures in the summary table attest to the high level of operational activity maintained by the centre thanks to a sustained effort to continue to improve the way in which it manages its operational activities.

Requests for assistance

In line with its policy of improving the quality of the assistance it provides, the centre continued to place emphasis on compliance with its requirements for the presentation and substantiation of requests for assistance.

In 2000, 1 353 requests for assistance were registered compared with 1 153 the previous year.

Per region, the main source was west Africa (29 %) followed by east Africa (18 %), southern Africa (16 %) and the Caribbean (15 %).

Analysis on the basis of origin shows that the two main sources were the centre's own initiatives (30.7 %) and the ACP promoters themselves (29.2 %).

ACP enterprises assisted

In order to maximise the impact of the assistance it provides, the centre may sometimes group enterprises together within either a country or a region.

As shown in the summary table, the steady rise in the number of enterprises assisted was maintained. Overall, the centre assisted 654 enterprises in 2000. Of these, 260 received their first assistance during the year.

A more detailed analysis of the enterprises assisted shows that:

- per region, 24 % were in east Africa, 23.55 % in Southern Africa and 22.63 % in west Africa;
- per sector, 40 % were in agro-industry, 33.65 % in construction materials, wood and metal and 15 % in leather and textiles;
- per type, 38.99 % were undergoing rehabilitation or consolidation, 35.47 % were undergoing expansion or diversification and 25.54 % were new enterprises;
- 91.13 % were private enterprises.

The percentage of enterprises assisted through partnership with an EU company was 35.47 %.

Interventions

In order to increase the impact of its assistance, the centre pursued its policy of providing longer-term assistance with more than one intervention per enterprise.

Overall, 849 interventions were processed in 2000. As an intervention may be implemented over two financial years, this figure may be broken down as follows:

- interventions that started in 2000: 502
 - interventions carried over from 1999 for completion in 2000: 347
- and
- interventions completed in 2000: 525
 - interventions carried over for completion in 2001: 324

The average overall cost of the interventions processed was EUR 25 493.

The average contribution of the centre was 47.69 % and that of the ACP promoters

34 %. The average contribution of the EU partners was 9.51 % and that of the EU institutions 8.80 %.

ACP network

Over the years, the centre has consolidated a network of antennae and correspondents throughout the ACP countries. Their main tasks are to represent and promote the centre and carry out a preliminary screening of requests for the centre's assistance.

The criteria for assessing eligibility for assistance are those applied by the centre. However, in countries or regions where the centre is targeting one or more key sectors, it may request the antennae also to focus on requests emanating from the latter.

In line with the emphasis that the centre places on the quality of the assistance it provides, the antennae are required to ensure that all proposals are adequately substantiated and give an indication of the impact that may be expected of the assistance requested.

Decentralisation of activities

With its wider mandate, the centre has had to reassess its operational strategy.

One of the major steps will be to decentralise gradually the management of interventions to regional offices (one in each of the six ACP regions). These offices will also enable the centre to coordinate and monitor more effectively the activities of its ACP network at regional level.

During the last quarter of the year, arrangements were finalised for the first of these offices. Located in Santo Domingo, Dominican Republic, and covering the Caribbean region, the office became operational in February 2001.

EU network

The centre has an extensive institutional and technical network of contacts in the EU

Member States. These include national or regional development and investment promotion agencies, chambers of commerce, ministerial departments and other organisations and institutions related to the promotion of development in the ACP countries, as well as technical, professional and sectoral bodies in the EU that work directly with the ACP enterprises.

In addition, the centre has built up a vast network of specialised consultants and companies that it engages to implement interventions and to assist in joint venture agreements between EU and ACP companies.

The EU network is one of the interfaces between the needs of the ACP enterprises and the specific interventions implemented by the centre. Out of the 849 interventions in 2000, 367 were carried out by EU experts and 117 by the EU partners themselves.

An essential component of the network is the institutional cooperation agreements at national or regional level.

In 2000, the EU network generated additional resources amounting to a total of EUR 2 471 178. The activities that were co-financed were mainly twinning and partnership programmes, training programmes, missions of industrialists, and direct assistance to individual enterprises.

The most active EU countries in terms of co-financing activities with the centre in 2000 were Portugal (27 %), Spain (17 %), Luxembourg (16 %), Sweden (12 %) and Italy (5 %). Co-financing from EDF programmes accounted for 5 % of the total co-financing generated.

Of the programmes and projects co-financed in 2000, west Africa accounted for 36 %, southern Africa for 28 % and east Africa for 8 %.

Partnership meetings

As mentioned earlier, the centre's own initiatives, such as partnership meetings, are now

one of the main sources of the requests it receives for assistance.

After selecting a sector that has potential for growth in an ACP country or region, the centre then proceeds to select 20 to 25 key enterprises in the country or region concerned and a similar number of European companies that are interested in collaboration.

In the centre's experience, these relatively small and focused meetings engender rapid contacts, particularly at marketing and technical levels. They also encourage collaboration not only between the ACP and European participants, but also between the ACP participants themselves.

Another positive aspect is that these meetings enable the centre to improve its knowledge of the sectors and subsectors in the countries or regions concerned. Surveys conducted prior to each meeting focus, for example, on the availability and specification of raw materials, on the enterprises that are active in the sector and their plans for expansion, on existing and potential markets (local or foreign), and on the need for new equipment or for technical upgrading. Thanks to the findings of these surveys, the centre is able to focus its assistance on the enterprises and programmes that are the most viable.

Evolution of the main indicators

	Total 1995	Total 1996	Total 1997	Total 1998	Total 1999	Total 2000
A. Requests registered	1 248	1 570	1 079	1 225	1 153	1 353
B. Interventions						
Interventions carried over (situation at the end of the previous year)	83	140	239	320	313	347
Interventions started during the year	284	463	509	475	532	502
Total number of interventions processed	367	603	748	795	845	849
Active interventions (situation at the end of the year)	140	239	320	313	347	324
Interventions completed during the year	227	364	428	482	498	525
Total number of interventions processed	367	603	748	795	845	849
Average value of the CDE's contribution to the interventions processed during the period (EUR)	15 848	13 287	10 984	11 326	11 494	12 089
<i>Idem</i> on budgetary article for the year only (EUR)	14 394	10 671	10 944	10 472	11 506	12 817
Average contribution to the interventions (%)						
— CDE	44.5	46.0	46.6	46.7	47.8	47.69
— EU institutions	18.8	15.9	13.7	10.6	9.3	8.80
— EU partners	14.1	10.6	11.2	11.0	9.8	9.51
— ACP partners	22.6	27.5	28.5	31.7	33.2	34.00
C. Enterprises assisted						
Number of enterprises that received their first assistance during the year	165	279	255	269	246	260
Total number of enterprises assisted during the year	286	468	547	597	642	654
— New (%)	32.8	31.6	29.8	25.0	23.8	25.54
— Enterprises undergoing expansion or diversification (%)	36.5	30.4	26.3	32.0	35.8	35.47
— Enterprises undergoing rehabilitation or consolidation (%)	30.7	38.0	43.9	43.0	40.4	38.99
Percentage of fully private enterprises	82.9	85.0	87.6	86.1	88.6	91.13
Percentage of enterprises assisted through partnership with an EU company	50.2	42.3	40.0	37.2	37.2	35.47
Distribution by sector (percentage of enterprises)						
— Agro-industry	41.8	39.3	42.6	44.6	39.1	40.06
— Construction materials, wood, metal	33.4	35.7	32.4	27.8	34.9	33.65
— Others	24.8	25.0	25.0	27.6	26.0	26.29
Distribution by region (percentage of enterprises)						
— West Africa	28.2	22.4	24.9	24.6	22.4	22.63
— Southern Africa	20.9	24.1	20.7	21.1	23.1	23.55
— East Africa	19.9	19.4	21.2	21.8	22.3	24.01
— Caribbean	16.7	11.8	12.8	11.6	11.8	13.76
— Central Africa	8.4	13.7	10.0	9.2	7.8	8.56
— Pacific	5.9	8.5	10.4	11.7	12.6	7.49

Annex VII

Annual report of the ACP–EC Council of Ministers: year 2000

CTA contribution

The year 2000 was a rather eventful one for the CTA because of a number of factors. First of all, 2000 was the final year of the medium-term plan which has informed the annual programmes of the centre since 1997. A new framework therefore needed to be outlined for the period 2001–05. It had already been agreed that 2001 would be a transitional year. Secondly, the centre's mission was modified in the course of the negotiation of a successor agreement to the Lomé Convention and the centre and its management had to take account of the new directions set out in the framework agreement concluded in June 2000.

At the same time, the partners agreed that the management of the centre would be rotated. In March 2000, therefore, Dr Rodney Cooke, Director of the centre since 1995, was succeeded by Carl B. Greenidge, former Deputy Secretary-General and Secretary-General, *ad interim*, of the ACP Group. The handing-over was marked by a special meeting between the outgoing and incoming director to which the two observers of the restricted group were invited. The event passed smoothly.

Since the handing-over, a good deal of the energies of the centre and its management have been focused on the preparation of a new mid-term plan. A draft was completed in December 2000 at which time the ACP–EC Committee of Ambassadors also approved the budget for the year 2001.

Organisationally, some attention was devoted to following up and implementing the conclusion of the negotiations and its consequences. Proposals for new rules and regulations were, in keeping with the request from the ACP–EC Committee of Ambassadors, submitted by the centre and after considera-

tion by the ACP Group approved in 2000. They will be considered by the EU in 2001 after recommendations from the Commission. The centre's proposals reflect the outcome of discussions started between the former director and the staff representatives in connection with a number of areas affecting conditions of service. Subsequently, those areas were amicably resolved. The main areas included arbitration and dispute settlement, appraisal mechanisms, and periodicity of contracts.

In August, staff contracts were extended on the basis of Lomé rules and regulations. In the absence of new rules and regulations on 23 June, it was necessary to have those or alternative interim rules and regulations in place. In September, the ACP–EC Committee of Ambassadors agreed to roll over the Lomé rules. In the draft framework agreement, published in the *Courier* and signed by ministers, the name of the centre had been incorrectly shown at a number of points. This has since had to be corrected.

As has been the case since 1997, the technical work of the centre is divided up among four operational departments. These are discussed below.

Promoting contacts and exchanges of experiences amongst ACP experts and partners — Seminars and Studies Department

The broad objective of this department's programme is to promote the exchange of experience between ACP experts and partners mainly in four priority information themes (conquering markets, intensification and optimisation of agricultural production, natural resource management, and mobilising civil society). To this end, seminars and study tours on political and strategic aspects of priority topics where information and communication are a major constraint were mounted. The seminars are either solely organised by the CTA or in partnership with other institutions (co-seminars). In order to increase efficiency and coverage of topics, the general strategy has been to increase the

number of co-seminars relative to CTA seminars.

Study visits involving groups of 15 to 20 ACP experts from six or seven ACP countries aim at exchanging experience and expertise through discussions in the field. Additionally, the seminar support programme, developed to enable more ACP nationals in the field of agriculture and rural development to attend regional and international conferences on topics of relevance to their area of work, enables more than 200 ACP experts to share and exchange experiences in the agricultural and rural development sector.

The most important single activity of the Seminars and Studies Department in 2000 was the organisation of an international seminar on information for agricultural and rural development in ACP countries. Its emphasis was on new stakeholders, new media and priority themes, and it sought to define more clearly the roles of stakeholders and information and communication management (ICM) in rural development. Additionally, it aimed to discuss priority information themes and new instruments for development-oriented communication. The seminar pointed to the desirability for the CTA to develop programmes that support the definition and implementation of communication strategies and programmes by the stakeholders themselves and to pay attention to farmers' organisations, women and local service providers. The seminar also stressed the need to increase the use of conventional media such as print and radio, and the development of new media, which are not yet sufficiently available in ACP countries and in rural areas in particular. The seminar findings were used in the preparation of the CTA's strategic plan 2001–05.

The CTA's priority information themes were conquering markets and market-led development. A co-seminar was organised on support of ACP countries in multilateral trade negotiations involving agricultural products. A study visit was organised on cattle and meat marketing in west and central Africa.

This provided participants with an opportunity to share their experiences on development of the sector, which holds much potential for integration. Participants on a study visit to South Africa shared their experiences on the contribution of microfinance to agricultural development. Under its seminar support programme, the CTA enabled 177 nationals of ACP countries to share their experience by attending 47 national, regional and international conferences organised by other institutions.

Pointers to the transitional year

The seminar on information for agricultural and rural development in ACP countries has suggested that the main challenge for agricultural development in the future is information management for the rural communities. Consequently, during the transitional year, a seminar on the development of information production and dissemination by producers and farmers' organisations will be organised. In similar vein, the CTA will also organise consultations to help define a gender strategy for the next five years.

Publishing and Dissemination Department

This department's responsibility is to publish and co-publish information on relevant aspects of agricultural development in both print and electronic formats. The current emphasis of the programme is on targeting specific readerships. The department's activities centre on publishing, co-publishing and distribution.

The CTA's own publishing activities give rise to periodicals and technical publications, as well as institutional publications. The technical publications mainly document the recent activities carried out by the CTA's other departments. The new 'Working document' series introduced last year has helped to overcome the mismatch between the allocation of funds to certain technical publications and their perceived usefulness and relevance for the readership; web publishing has also helped in this regard. The serial

publication *Spore/Esporo* also reflects other CTA activities, but in a more topical and superficial manner. It also serves as a tool for the effective distribution of publications on the CTA's list: over 500 requests for one publication were received during the year, following a single announcement in *Spore/Esporo*.

Co-publishing with other organisations and individuals, nowadays with a heavy emphasis on ACP authors and co-publishers, serves to develop new titles for the CTA's list, as well as providing valued support to endangered, or embryonic, ACP publishers. Outputs in this area are categorised into series, technical publications, seminar and co-seminar proceedings and reports, and other co-publications and periodicals. The title most in demand was a book on self-help veterinary care — it alone accounted for almost 4 % of the credit points used by CTA's subscribers during the year. Encouragingly, there has been a significant growth in the number of requests for review copies of titles on the CTA's list.

The effective distribution of publications on the CTA's list is the responsibility of the Publications Distribution Service (PDS), and 40 % of the department's budget was spent on this activity. Most of the CTA's publications are distributed through a subscription scheme operated by the PDS. During the year, over 80 000 publications were distributed. Two pilot distribution schemes, with local partner organisations in Burkina Faso and Zambia, became operational during the first half of the year. The promotional campaigns operated by the PDS helped to ensure that the CTA achieved two of its objectives in particular: firstly, to increase the percentage of subscription requests coming from women and, secondly, to increase the number of subscribers to *Esporo*, the Portuguese edition of *Spore*. The former percentage doubled (to 16 %) and there was a 23 % growth in the latter. Flyers aimed at promoting awareness of specific titles proved very effective: in one case, over 2 000 requests were received.

Pointers to the transitional year

More of the CTA's own published output will be made available on the Internet and in CD-ROM format. Whenever possible, co-publications will also be made available on the Internet.

In view of the limited Internet connectivity in ACP countries, the CTA will make increased use of CD-ROMs to complement Internet delivery mechanisms.

The content of the publications on the CTA's list will increasingly focus on ICM and the needs of decision-makers, non-governmental middle managers and women. The proportion of publications originated by ACP nationals, and of those published by ACP publishers, will continue to increase. Publication outputs will include series specifically intended to reach limited audiences more quickly and cheaply than those that are subject to the full editorial process.

Strengthening information and communication management — Information and Capacity Development Department

The main activities of the Information and Capacity Development Department in 2000 were the decentralisation of the Question-and-Answer Service (QAS) and the integration of QAS activities with those of other departmental programmes on the selective dissemination of information (SDI), the dissemination of reference books on agriculture (DORA) and the CD-ROM service.

The Ghana Agricultural Information Service (GAINS) was launched in February, and was publicised through meetings, brochures, flyers, a newsletter, advertisements in national newspapers, and the creation of a web site. The Nigeria Question-and-Answer Service (NAQAS) was launched in July in collaboration with agricultural research institutions and Ahmadu Bello University; these institutions helped to promote the service by producing flyers, brochures and posters, organising awareness meetings for users and

developing special web pages. The numbers of producers and traders using the QAS provided by the programme for agricultural information services (PRAIS) based in South Africa increased; most requests for information came from Botswana, Malawi, Zambia and Zimbabwe.

With the development of these QAS sites, which also host CD-ROM sites, requests for information from CTA's SDI programme have been falling, particularly from Ghana, Kenya, Nigeria, Trinidad and Tobago, and Uganda. Most of the requests received by the SDI programme in 2000 related to research institution management, agrarian systems, food technologies, integrated pest and disease control measures, and land utilisation. The number of CD-ROM sites rose from 52 in 1999 to 62 in 2000, as part of the strategy to strengthen the QAS sites and their partner institutions. The implementation of the DORA programme continued, with the emphasis on linking it with the decentralised QAS sites.

The rural radio programme now supplies 150 public and private radio stations with rural radio resource packs. The packs distributed in 2000 were on themes such as the economic and entrepreneurial role of women, sustainable soil fertility, food hygiene and safety, and pisciculture.

The CTA training programme is aimed primarily at improving the skills of personnel in public and private agricultural research, extension and training institutions. During the year, 318 ACP nationals benefited from this programme. The subjects of the training courses included the production of annual reports and extension materials, the design and management of a QAS, the role of information in analysing subsectors, web page design, awareness building, scientific editing, and rural radio listenership analysis and programme production.

In May, the CTA organised the third consultative expert meeting of the Observatory on Information and Communication Technologies (ICTs) to evaluate the potential of ICTs

and propose ICT priorities for the CTA. Among the main conclusions were that there should be greater use of ICTs in CTA services and that the centre needs to promote ICTs that can be used on the weakest bandwidths. In December, the CTA produced the first issue of *ICT Update*, a bimonthly bulletin providing information on ICTs and their application in agricultural and rural development. It is produced primarily in electronic form on the Agricta web site, but printed copies are also available.

Information Partnership and Policies Department

The Information Partnership and Policies Department (IPPD) is charged with developing strategies for information management in ACP countries, one of the four specific objectives pursued by the CTA. The specific goal of the department is to contribute to sound policy analysis and decision-making in both the public and independent sectors of ACP national agricultural systems. The development of effective partnership modes at national and regional levels is an important component of its work programme. It is also responsible for carrying out evaluation of the CTA's programmes and services.

In 2000, the following programme areas were pursued.

Agricultural policy management

Regional bodies (Ecapapa, SADC, Ecowas, CMA/AOC, REPA, UEMOA) were provided with support in strengthening their ICM in agricultural policy analysis. A methodology was developed for them to use for prioritising information themes. Three national studies were undertaken to develop ICM for formulating and implementing sustainable agricultural systems and natural resource management.

Market-led development

In collaboration with various organisations from the public and private sectors, the CTA is promoting the establishment of effective

market information systems (MIS) at local, national and regional levels. The information and communication management concept that has been adopted was arrived at through various studies and consultations. The underlying concept is that 'an effective MIS should be localised, demand-driven, community or sector-specific, supported at local and national levels, and established and run on a participatory basis'. The CTA is supporting market information projects in Ghana, Kenya and Uganda, as well as two regional MIS initiatives involving the CMA/AOC and CARDI. The pilot projects in Ghana, Kenya and Uganda aim primarily to test and improve the CTA concept over a three-year period.

Extension systems

The use of the Internet to support extension has been the object of innumerable discussions at the meetings in Neuchâtel. In 2000, a study was commissioned to cast light on the level of utilisation by different actors, to analyse the constraints on access to available information and to identify the main opportunities offered.

Impact assessment

The principal focus of the IPPD is to advance different methodologies for assessing the impact of ICM on the performances of ACP organisations. In 2000, the CTA supported CORAF in assessing the impact of agricultural research in west Africa. A pilot study was conducted in Trinidad and Tobago.

Effective national and regional partnerships

The overall objectives of this programme of partnership with national independent sector organisations and networks are to improve the effectiveness of the CTA's interventions and to reinforce the ICM capacities in the national agricultural systems of ACP countries. The pilot projects serve to test modalities and mechanisms of long-term cooperation between the CTA and independent sector structures.

Ongoing pilot projects

In 2000, five pilot projects were initiated in addition to the four already launched in 1999. They cover Burkina Faso, Cameroon, Ethiopia, Jamaica, Madagascar, Mali, South Africa (two projects) and Uganda.

The regional partnerships with Asareca, IRETA, CARDI, CMA/AOC and Saccar were maintained. They aim at developing their ICM capacity to satisfy their members.

Evaluations

Evaluations are undertaken to help improve the efficiency and effectiveness of the CTA's activities through improved planning.

During 2000, the mid-term plan 1997–2000 of the CTA was evaluated and an impact study of the DORA programmes on the beneficiaries was conducted in Burkina Faso and Nigeria.

The CTA Advisory Committee in 2000

The CTA Advisory Committee, which provides technical and scientific assistance to the CTA's director, consists of 15 members representing the EU Member States and 15 representing the ACP Group of States. Representatives of the European Commission (Directorate-General for Development), of the Secretariat of the ACP–EC Council of Ministers and of the ACP General Secretariat attend as observers. The committee normally meets annually in June. The usual June session is preceded in April by a preparatory meeting of its restricted group. This latter body also meets in October to follow up matters arising from the committee's annual meeting.

The framework agreement had, unusually, provided for the ACP–EC Committee of Ambassadors to establish other supervisory bodies, as well as new rules and regulations for the centre after the signing of the agreement. These are still under consideration by the committee. In order to help review the

proposals underlying the strategic plan 2001–05 and to facilitate independent advice on the CTA's programme 2001, as required for consideration of the 2001 budget, a consultative forum was convened. This forum was composed of experts in agriculture and rural development drawn from both the ACP regions and the EU Member States. This meeting was held from 5 to 8 September at the CTA's headquarters in Wageningen.

In the absence of the new rules and regulations, transitional arrangements were approved by the ACP–EC Committee of Ambassadors on 27 September. Subsequently, the restricted group was convened and met on 14 and 15 December in Wageningen. It reviewed progress on the CTA's programme 2000, considered the conclusions and recommendations of the September consultative forum, discussed the state of preparation of the strategic plan 2001–05 and prepared for the April 2001 meeting. At the same time, the centre asked the members of the Advisory Committee to consider and formally approve the recommendations of the consultative forum. This they did.

Conclusion

The year 2000 was important in setting the scene for a great number of changes in the centre and for meeting new challenges including those of the Partnership Agreement. The elements of this report for the year 2000 suggest that the necessary steps and measures have been taken to ensure that these challenges can be successfully confronted by the centre.

European Commission

Annual report of the ACP–EC Council of Ministers (2000)

Luxembourg: Office for Official Publications of the European Communities

2002 — 48 pp. — 21 x 29.7 cm

ISBN 92-824-2055-8

Price (excluding VAT) in Luxembourg: EUR 15

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ISBN 92-824-2055-8



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