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Brussels, October 28, 1998

*Set to HQ 29/10/98*

**TO : MR. WAWA OSSAY LEBA**  
**Director**

**FROM : MOHAMOUD ABDI DAAR**  
**Senior Economist**

*See with appreciation  
28/10/98*

**SUBJECT: REPORT ON THE 68<sup>TH</sup> SESSION OF THE  
ACP COUNCIL OF MINISTERS**

I would like to acknowledge receipt of your memo.  
OAU.BRU/DIR/S.ECO/408.10.98 dated October 19, 1998.

After reviewing the report, I wish to submit it to you herewith together with copies of resolutions adopted by the Council and the final version of the ACP Negotiating Mandate.

**REPORT ON THE 68TH SESSION OF THE ACP COUNCIL  
OF MINISTERS, HELD AT THE ACP SECRETARIAT,  
SEPTEMBER 28 - October 2, 1998**

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The 68th session of the ACP Council of Ministers was held at the ACP Secretariat from September 28 to October 2, 1998. Honorable Ms. Billie a. Miller, Deputy Prime Minister and Minister of Foreign Affairs, Tourism and International Transport of Barbados, President-in-Office of the ACP Council of Ministers opened the meeting of ACP Council on Monday, September 28 at 10 a.m.. After electing its Bureau and adopting its agenda, the President-in-Office of the ACP Council of Ministers made a statement in which she welcomed ACP delegates to this important meeting.

Since the purpose of this meeting , which was held on the eve of the opening of the negotiations for a successor Agreement to Lome IV, was to review and prepare the position of the ACP Group, it had discussed the ACP Negotiating Mandate for the first two days of its meeting. Throughout its discussion and debate of the Negotiating Mandate, the Council considered the document therein by theme and paragraph by paragraph and made a number of amendments.

During its discussion, it is pertinent to say that the Council expressed its satisfaction of the Negotiating mandate and congratulated the ACP Working Group and the Secretariat for having prepared such a comprehensive document which shows in style and substance the serious efforts made and which takes all ACP interest on board. Various speakers pointed out that the Negotiating Mandate which is a sound basis for the negotiations represents also in letter and spirit the Libreville Declaration and underlines the solidarity and unity which the ACP Group of States called for in the Libreville Declaration;

In the course of the general debate, the Council proposed a number of amendments on the Negotiating Mandate. It also dwelt at length on a number of issues in the Negotiating Mandate such as the issue of Free Trade Areas (FTAs) which should be carefully studied to protect ACP Markets. Similar suggestions were also made with respect to EU proposals on Generalized System of Preferences (GSP) as well as WTO principles and objectives, which favour industrialized countries and fall short of fulfilling ACP interests. The ACP Group should have open and frank discussion with the EU on all these issues. A number of speakers also said that at this juncture, the ACP Group should use its political

potential to influence economic direction and re-shape international opinion towards ACP needs.

Some of the most contentious issues were "essential principles" contained in para. 12 under political dialogue. This paragraph which says "the ACP Group is committed to the values of democracy, the rule of law, respect for human rights and good governance as set out in the existing Convention ..." However, the ACP States do not accept the unilateral withdrawal of development assistance whenever the EU considers that any of the essential principles have not been respected".

During its deliberations of this issue, various delegates who spoke were all in agreement that the observance of human rights were important for development and should be encouraged. Nevertheless, serious concerns were expressed about the interpretation of these concepts. Some speakers called for re-definition of these concepts since there is no consensus on their definition. The evaluation of democracy, human rights, good governance and the rule of law should be based on the traditional and social values of each country. Speakers said that these essential principles in ACP-EU future cooperation agreement should not give the EU free hand to unilaterally suspend or terminate development cooperation programmes with governments, when it considers that these principles are violated. They pointed out future political dialogue should not be based on conditionalities that would impede the economic and social development of ACP countries.

Another issue, which was debated at great length by the ACP Council, was Decentralized Cooperation. This deals with ACP civil society including private sector and decentralized agents. This paragraph says that "Consideration should be given to the situation of more EDF financed projects being channeled through ACP civil society organizations in areas in which these organizations have a comparative advantages ... within the framework of objectives and priority set by the state".

There was a heated debate on this issue, some countries strongly objected to this principle of giving access of the EDF resources to ACP civil society and maintained that this would undermine political and economic objectives of ACP States. On the other hand, other speakers pointed out that agents of ACP civil society should be given access to the EDF to carry out projects within priorities determined by ACP States. At the end of its deliberations, the Council decided to retain the paragraph in the Negotiating Mandate, which allows agents of civil society to access EDF resources.

It would be recalled that the principle of decentralized cooperation was introduced and incorporated into Lome IV Convention. This principle allowed actors in the development process, apart from the states, to utilize the Lome funds. It was seen as a way of promoting basic social and economic network in ACP States and to contribute to the establishment of a basic democratic structure. With that in mind, decentralized cooperation was to provide the possibility of financing measures implemented by NGOs. At present, there was a strong belief of many ACP delegates that Decentralized Cooperation was unable to achieve the desired results.

### **The opening of the negotiations for a successor Agreement to Lome IV**

On September 30, 1998, at 4 p.m. the formal opening of the Negotiations for a Development Partnership Agreement between the ACP and EU took place at the main building of the European Parliament in Brussels under the co-Presidency of the Hon. Ms. Billie A. Miller, Deputy Prime Minister and Foreign Affairs, Tourism and International Transport of Barbados, President-in-Office of the ACP Council of Ministers and President of the Council of the European Union, Mrs. Ferrero Waldner of Austria. The meeting was well attended by both the ACP and the EU.

In her statement, Mrs. Waldner welcomed all participants to the opening session in her capacity as President-in-Office of the Council and on behalf of the EU. She said that since June 1998, the EU has prepared the negotiations with great enthusiasm and adopted its negotiating brief for the future relations between the ACP and the European Union.

Speaking about the future agreement, the speaker said that the EU would maintain its "Contractually enshrined relations of solidarity beyond the year 2000". The principle objectives of the agreement would contribute to peace, security and stability as well as the eradication of poverty and integration of the ACP States into the global economy. She added that the principle of partnership would be provided and extended to include political dialogue on all questions of common interest. The speaker said that within the new dimensions of political dialogue, principles of **good governance, respect for human rights, democratic principles and the rule of law** would form pre-conditions for sustained and balanced development.

The co-President said that the second important element in EU's relations with the ACP would be re-orientation of EU development

cooperation. Emphasis would be put on growth, social policies and regional cooperation, the building of institutions, protection of environment and equal treatment of women in ACP countries. To implement these goals, existing rules and instruments must be simplified. To attain a flexible development cooperation, the following should be carried out :

1. existing instruments should be grouped into two different facilities;
2. a system of programme planning would determine need and level of development. Goals and performance criteria agreed upon would determine further cooperation.
3. past reforms agreed upon jointly with partner country would be continued.
4. administration of Community (EU) aid should be simplified.

The speaker also pointed that there would be a new approach to trade and economic partnership. The EU's aim in this regard would be to strengthen the capacities of ACP States and to enable them play an important part in international economic system. Hence, regional integration and cooperation would be encouraged for long-term investment, growth of trade and increase of employment. The EU therefore suggests negotiations of Free Trade Areas (FTAs) and in some cases GSP which would be compatible to WTO rules.

The second opening statement was made by Professor Pinheiro, Commissioner for Development (DGVIII) who said that an active policy for development cooperation with the ACP countries is an important element of the EU relations with the rest of the world. He said the EU wants to establish a new partnership, a new framework of political and economic relations and development aid with the ACP Group. Prof. Pinheiro spoke about changes in the international scene, globalization, the advent of information and communication society and the need to fight against exclusion and poverty. He said, considering OECD countries' declining aid effort and the rise of conflicts and humanitarian emergencies, the EU must increase effectiveness of its cooperation with ACP countries.

The speaker said EU's major concern would include the following :

- stable and democratic environment....;
- sustainable development and eradication of poverty;

- trade and investment;
- regional integration and cooperation.

It should be stated therefore that after making thorough analysis, the two above speakers on behalf of EU Member States and the Commission spoke almost about the same issues that they said would underpin the following negotiations between the ACP and the EU.

### **Opening statement made by the ACP co-President**

Having said this, the most spectacular development was the statement made by Ms. Miller on behalf of the ACP Group of States. Her statement was spectacular and the most comprehensive because in her 31-page statement, she dealt forcefully and in details with all the important issues which are of great concern to the ACP Group, that would be discussed during the negotiations.

In her statement, the co-President highlighted the position of the ACP Group on the following points :

- Geographical coverage and ACP solidarity;
- Enlargement of the EU and planned integration of CEE States in the EU;
- Differential and the special treatment of differentiated categories among the ACP including the LDCs;
- Poverty eradication and education of inequality between North and South;
- Trade and globalization and problems of reciprocity;
- Preferential access complemented by enough resources for diversification for commodities to promote PMDT activities;
- Commodity protocols, Stabex and Sysmin;
- Elimination of NTBs (non-trade barriers) and other restrictions;
- Regional Free Trade Areas (FTAs);
- Regionalization on the basis of the Libreville Declaration;

- Flexibility of WTO rules;
- Investments and Private Sector development;
- The role of civil society;
- Democracy and the rule of law;
- External debt-burden of ACP countries;
- Conflict prevention, post-conflict situations and the need for adequate resources to deal with such issues;
- Promotion of gender equality;
- The structure of future Convention and improvement and simplification of procedure and instruments available for disbursing assistance.

On geographical coverage and enlargement of the ACP Group, the ACP co-President said the ACP Group would be further strengthened with the addition of Cuba and other territories in the Pacific, which might become independent in the near future. She maintained that the enlargement of both the ACP and the EU (which will grow to 26 member States by the beginning of next century) should further advance global solidarity. The enlargement of the EU would create more markets for ACP products, although some of the East European Countries would have the competitive edge with respect to certain agricultural products. The speaker pointed out that global solidarity would, in itself, enhance globalization and liberalization, which would pose serious challenges and global distress as obtains now in Asia. The Least Developed countries (LDCs) the majority of which are within the ACP Group would be particularly in a vulnerable situation.

The co-President spoke about the achievements and shortcomings of the Lome Conventions and the increase of poverty in the ACP countries and inequality despite the "explosion of human prosperity" in the developed countries. In that regard, the speaker said the ACP Group would demand fairness in the forthcoming negotiations. The 39 ACP LDCs out of 48 would hence require a differentiated treatment.

With regard to trade, the speaker pointed out that it was the centrepiece of ACP-EU relations within the Lome Convention. Access to EU markets and preferences have played an important role in developing trade with the EU. In the next cooperation agreement, these have to be complemented by additional resources for

diversification, investments and relaxation of the rules of origin etc. She called for the enhancement of non-reciprocal trade preferences for ACP countries. Diversification and promotion of PMDT activities would decrease ACP dependency on commodities and EU markets. Stabex and Commodity protocols should also be maintained. While concluding her remarks on this matter, the speaker stressed that a continuation of the existing Convention would be necessary as far as the trade chapter is concerned.

Having said this, the speaker strongly objected to offer to EU countries free and unrestricted access to ACP markets. She called for the maintenance of non-reciprocal treatment of ACP products as in the past.

On regionalization and Free Trade Areas (FTAs), the speaker said that this poses certain difficulties to the ACP Group. It should be dealt with, within the context of the Libreville Declaration which upholds the solidarity of the ACP Group.

While talking about World Trade Organization (WTO) compatibility, the speaker emphasized how WTO rules favour developed countries at the expense of ACP countries. She stated that ACP countries should call for the application of WTO rules on flexible basis and to make them compatible with fundamental objectives of development. In the same way, she said that since the EU is the biggest investor in ACP countries, investment should be directed to areas such as trade, industrial development, diversification and infrastructure. Macro-economic policies and reforms that would enhance domestic savings should be pursued by ACP countries. In the new Convention the role of the private sector as the engine of growth, should be promoted and highlighted. It should have direct access to EU resources through ACP regional banks and the European Investment Bank (EIB). In the same way, participation of agents of the civil society and its access to National and Regional Indicative Programmes should be incorporated in the new Convention.

The co-President also said the new Convention should give attention to trade in services, intellectual property and development of infrastructure.

Speaking about poverty, the ACP co-President re-affirmed that the ACP has of necessity to be committed to the fight against poverty.... It shares the EU's espousal of poverty alleviation as an essential attribute Post-Lome arrangements. She said that the ACP Group, which has adopted unanimously its negotiating mandate, is to make the negotiations a success.



The co-President underscored the importance of Democracy, the rule of law and human rights and "essential elements" which were included in the 1995 mid-term review of the Convention. She also talked about conflict prevention and the need to provide more resources in that regard. She said that other matters such as debt, treatment of migrants, movement of hazardous waste, cultural heritage and bio-diversity should be discussed with the EU.

The speaker added that procedures should also be made more flexible and improved to have a decentralized and speedier method of disbursing assistance to ACP countries.

In conclusion, after thanking the EU and the delegates for attending the ceremonial opening of the negotiations, the ACP co-President informed the meeting that the ACP Group was already established its negotiating groups as per attached paper and requested the EU to do the same as early as possible.

Consequently, the meeting was adjourned at 6 p.m.

On Thursday, October 1, 1998, the ACP Council continued its consideration of its agenda and considered reports :

- from the Ministerial Committee on Article 75;
- from the ministerial consultations on bananas;
- from the Ministerial Committee on sugar.

With respect of the Ministerial Committee on Article 75, H.E. Mr. Alain Gauze, and Minister for Promotion of International Trade of Côte d'Ivoire and Chairman of this Committee, briefed the meeting. The Chairman who told the Council that the Ministerial Committee met earlier on and considered the following points :

- a) EU draft directive of chocolate and
- b) follow-up to the negotiations in the area of Commodities.

With regard to (a), the meeting was informed that the EU's new directive of April 1996 replaces the old EU directive of July 1973 and sets out certain prerequisites concerning the preservation of the quality of cocoa-butter-based chocolates. Since there is no consensus among the EU Member States, the Commission draft cannot be considered by the EU Parliament. The Ministerial Committee therefore recommended to the Council to re-iterate the position of the ACP Council in Bridgetown, Barbados, that no changes should be allowed to be made to the new

directive in order to preserve the quality of chocolate as cocoa-butter-based finished product.

As far as international Commodity agreements were concerned, the meeting was told that at present only the international rubber agreement is working. With regard to the Common Fund on Commodities, it was noted that its second account finances commodity development projects and that since it is short of financial resources, the Ministerial Committee recommended that the interests which accrue to the first account should be used for development projects. The first account is normally received to finance buffer stocks of international commodity agreements.

Furthermore, the Ministerial Committee recommended an integrated approach with respect to production, processing etc. and the provision of a special instrument to promote the necessary conditions for funding appropriate solutions to commodity problems, namely;

- Attraction of European direct investment development of trade, Private sector and regional integration.
- Enhancement of human resources (education, training etc...).
- Development of transport, infrastructure.

The next meeting of the Ministerial Committee will take place in Bern, Switzerland, at a date to be announced subsequently. The meeting took note of this information.

Likewise, the Ministerial spokesmen on sugar (Mauritius) and banana (Côte d'Ivoire) briefed the Council on the ongoing negotiations with the EU and WTO on these issues, which the meeting took note of. Subsequently, the ACP Council adopted resolution on sugar and bananas. On banana, the Council called on the Commission to consult the ACP Group on any modification of the banana regime. Following the WTO decision and that the ACP Group should be fully associated to enable them identify their interests.

On sugar, the Council while recognizing its importance in the economies of many ACP States, re-iterated the special status of the sugar protocol... and stated that it should not be subject to review during the negotiations on a successor Agreement to the Lome IV Convention.

In the evening, before concluding its 68th Session, the Council considered the ACP budget, the issue of arrears and other

administrative matters. It also took note of the report of the ACP Committee of Ambassadors on ACP Assembly project, which would be set up and is envisaged to hold its inaugural session at the end of 1999.

Other resolutions the Council adopted included, among other things, on natural disasters in the Caribbean area, on the untimely death of Miss Adamu of Nigeria and on rum. It also adopted a decision on the approval of the ACP Negotiating Mandate.

### **Conclusion**

In my view, the 68th session of the ACP Council was well prepared. It was preceded by a number of important meetings, which the ACP General Secretariat successfully convened. The role of the OAU Group and the OAU Office in Brussels and their input were significant.. Since May 1998 the following conferences were held at the ACP House :

- the ACP Ministerial Conference on Trade, May 13 - 15, 1998;
- the ACP Ministerial Conference on Finance and Monetary Affairs, June 26 - 27, 1998;
- The Fourth ACP National and Regional Authorizing Officers' meeting, September 7 - 10, 1998.
- The first ACP Foreign Ministers Conference, September 25 - 27, 1998.

The Council took note of the decisions of the above-mentioned meetings. It is pertinent to say that the outcome and results of these conferences were an important input into the Negotiating Mandate of the OAU Group, which should strengthen OAU position in the forthcoming negotiations.

Finally, some of the prominent areas, which require intense discussion, are the following :

- a) political aspect of cooperation including political dialogue;
- b) trade aspect of cooperation;
- c) investment and private sector development and
- d) the financial aspect of cooperation;

Under (a), the issues of conflict management, arms trade, land-mines clearance etc. could be stressed during the negotiations in order to get more funding from the EU.

With respect to trade, the maintenance of preferential market access and non-reciprocal trade preferences would be important. The issue of Free Trade Areas (FTAs) could be studied and prepared carefully to see their effect on ACP countries. Furthermore, the ACP decided to request more resources for investments and private sector development. Also the maintenance of Stabex and Sysmin should be defended. There is a wide difference here with the EU because it wants to set up only two instruments and abolish the existing Instruments.

Regarding financial cooperation, both systems of project programming and budgetization of the EDF resources as a direct aid to budgets of the ACP States could be maintained. Aid should be provided to the needy without conditionalities.

It could be stated that the ACP co-President's statement was not strong enough on regional integration and cooperation. During the oncoming negotiations therefore, the African Group should lay emphasis on this matter which would enhance and contribute to the implementation of the Abuja Treaty which set-out the establishment of the future African Economic Community. The involvement and participation of representatives of the RECs (Regional Economic Communities) in Africa would be very important.

Hence, although all the issues are important the OAU and its Member States because of peculiar problems in the African continent, could concentrate on conflict management and other associated areas and could request additional and adequate financial resources which would enable the OAU, regional organizations and African governments to deal with this matter.

**Secondly**, the area of regional economic integration and cooperation could be highlighted so that African RECs could benefit from the future cooperation arrangement and speed-up the process of regional economic integration in Africa.

With respect to Trade, more technical studies would be needed especially as far as the setting up of Free Trade Areas (FTAs) are concerned. The EU wants to go ahead with this matter, although the LDCs would be given different arrangements within the context of the WTO and continue to benefit from preferences and access to EU markets. The problem will be with non-LDCs who would be either given GSP arrangements or would be incorporated within Regional Free Trade Areas.

In the area of Financial Cooperation and aid, there would be need to have more financial and material aid to African countries because of the level of their development. In this regard, the provision of aid on the basis of certain (essential elements) should be resisted. Aid should be given to the needy without conditionalities. Other than this, the provision of direct aid (Budgetization) to countries and project programming could go hand in hand, to enable OAU Member States to benefit from both.

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# Report on the 68th Session of the ACP Council of Ministers held at the ACP Secretariat, September 28 - October 1, 1998

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