



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 15 May 2007

9555/07

**DEVGEN 87
RELEX 345
WTO 115**

NOTE

from : General Secretariat
on : 15 May 2007

No. prev. doc. : 9177/07

Subject : Aid for Trade
- Conclusions of the Council and the Representatives of the Governments of the Member States meeting within the Council

At its meeting on 15 May 2007, the General Affairs and External Relations Council and the Representatives of the Governments of the Member States meeting within the Council, adopted the Conclusions set out in the Annex to this note.

**CONCLUSIONS OF THE COUNCIL AND THE REPRESENTATIVES OF THE
GOVERNMENTS OF THE MEMBER STATES MEETING WITHIN THE COUNCIL
ON
AID FOR TRADE ¹**

1. Building on the Council Conclusions of 16 October 2006 and in line with the European Consensus on Development and the Paris Declaration on Aid Effectiveness the Council emphasises that increased and more effective Aid for Trade (AfT) is needed to support all developing countries, particularly LDCs, to better integrate into the rules-based world trading system and to use trade more effectively in promoting the overarching objective of poverty reduction in the context of sustainable development. As an element of the broader development policies and objectives to reach the Millennium Development Goals (MDGs), supporting demand-driven reforms of trade-related policies as well as removing supply-side constraints related to productive capacities, economic infrastructure and trade-related adjustment, AfT is crucial for developing countries in order to implement and benefit from trade agreements.
2. The Council recalls that it invited the Member States and the Commission in its Conclusions of 16 October 2006 to prepare a Joint EU Aid for Trade Strategy in 2007 and therefore welcomes the Commission Communication “*Towards an EU Aid for Trade Strategy*” as an important element in the preparation of a coherent and sustainable Joint EU AfT Strategy. The Council agrees that the Joint EU AfT Strategy shall serve as an instrument supporting all developing countries, in particular LDCs, to fully benefit from trade. The Council emphasizes that the Joint EU AfT Strategy will support efforts to achieve better policy coherence in the areas of development and trade policy in a mutually reinforcing manner.

¹ In adopting these conclusions, the Council refers to certain previous conclusions and statements (see Annex).

3. The Council recognizes that AfT is an important complement to trade negotiations, in particular to the Doha Development Agenda (DDA), amplifying the potential benefits for developing countries. Recognizing the importance of an ambitious, comprehensive and balanced agreement on the DDA, the Council notes that AfT is a complement, but not a substitute, to a successful outcome of the DDA.
4. Adhering to the principles of the Paris Declaration on Aid Effectiveness and the WTO Task Force recommendations, a pro-poor Joint EU AfT Strategy should indicate short-term as well as medium-term priority actions, based on four core components, as outlined below.
5. First, the Council agrees that increasing the collective volumes of EU AfT within the ambitious development commitments to raise overall EU aid gradually, as set out in the Council Conclusions of 24 May 2005, includes:
 - striving to increase Member States' collective spending on Trade-related Assistance (TRA) as defined by the OECD/WTO database, with a view to reaching € 1 billion per year by 2010, bringing the contribution of the EU as a whole, including the Community contribution, to € 2 billion per year by 2010. The Council notes the Commission assessment that a linear trend from the present situation to the Member States' € 1 billion target would imply that their collective commitment should rise to at least € 600 million by 2008. Based on existing information, the Council is confident this will be achieved as part of the roadmap to reach the €1 billion target;
 - promoting an effective response to the wider AfT agenda by continuing and strengthening Member States and Community support for demand-driven, pro-poor development strategies which incorporate building productive capacities, trade-related infrastructure and trade-related adjustment, and by encouraging enhanced participation of other international donors and the private sector;

- encouraging partner countries to increase, with Member States and Community support as required, their parallel efforts to include TRA and also the wider AfT agenda in their poverty reduction and national development strategies, implementation plans and national budgets in ways which ensure the demand-driven, pro-poor character of their national trade development strategies;
- enhancing the Integrated Framework (IF), in particular by active in-country participation, and, recognizing that non-LDCs also face important AfT needs, agreeing that international efforts aimed at creating a similar in-country process for these countries, especially IDA-only countries,¹ have to be further intensified.

The Council recalls that the EU will increase its financial assistance for Africa and will provide collectively at least 50% of the agreed increase of ODA to the continent, as stated in its conclusions of 24 May 2005.

6. Second, the Council agrees that enhancing the pro-poor focus and quality of EU AfT includes:

- stressing the importance that the EU attaches to the impacts of AfT on sustainable poverty reduction, recognizing in particular that further economic empowerment of women and increasing the share of women in wage employment deserves utmost attention as an essential cross-sectoral dimension of AfT;
- promoting all sustainability dimensions of AfT, such as its environmental and social impacts, including by supporting sustainable methods of production and voluntary standard initiatives, such as fair trade and other comparable schemes, the ILO standards, and its coherence with other development policy agendas, such as decent work;

¹ International Development Association (IDA)-only is a country classification by the World Bank for countries with, for example, a low GDP per capita (USD 1,025 GDP/capita maximum). This classification is not entirely overlapping with the UN LDC-classification. There are therefore poor countries that are not LDCs, but are classified as IDA-only by the World Bank. These IDA-only countries are: Mongolia, Tonga, Vietnam, Albania, Armenia, Georgia, Kyrgyz Republic, Moldova, Tadjikistan, Guyana, Honduras, Nicaragua, Sri Lanka, Cameroon, Republic of the Congo, Cote d'Ivoire, Ghana and Kenya.

- emphasising the role of local ownership and broad stakeholder participation for effectiveness of aid, with a special attention to the role that the private sector, public private partnerships (PPP) and civil society can play to incorporate AfT in national development strategies;
- strengthening the relevant instruments implementing the Paris Declaration by operationalising EU commitments to greater complementarity and cooperation between donors, across all stages of the programme cycle and for all types of instruments;
- applying aid effectiveness principles at the global, regional and national level, in particular by supporting regional partners' capacity to own and lead AfT, and by coordinating, programming and pursuing more streamlined delivery modes and enhancing cooperation with other international donors, international and regional financial institutions as well as multilateral organisations;
- identifying modalities for coordination and response at various geographical levels covering all developing countries, based on AfT needs as prioritised by the demands of partner countries;
- supporting regional integration by channelling EU aid in a coherent manner through initiatives such as the Infrastructure Partnership for Africa.

7. Third, the Council agrees that supporting effective AfT monitoring and reporting includes:

- based on OECD data, improving the quality and further development of monitoring and reporting at the global, donor and partner level, by actively participating in the relevant international fora;
- monitoring and reporting at EU level, while avoiding any duplication of work.

8. Fourth, the Council agrees that increasing EU-wide and Member States' donors capacity in line with globally agreed aid effectiveness principles includes:

- adjusting and strengthening human resources as necessary to implement the Joint EU AfT Strategy;
- exploring joint EU initiatives to develop and share expertise amongst the EU and with other international donors.

9. Building upon, fostering and supporting ACP regional integration processes, the Council acknowledges that Economic Partnership Agreements (EPAs) will promote the development objectives and strategies of the individual countries of the ACP regions while the collective EU delivery of AfT does not depend on the conclusion of those negotiations. The Joint EU AfT Strategy will ensure that a substantial share of the Community's and Member States commitment on TRA is devoted to the ACP countries. The strategy will therefore indicate the overall share of the Community and collective Member States' increase of TRA available for needs prioritised by ACP partners. The spend will reflect policy and programming decisions at country and regional levels. Furthermore, the Council refers to its Conclusions of 14-15 May 2007 on EPAs.

10. The Council invites Member States and the Commission to intensify work on the Joint EU AfT Strategy aimed at its adoption by the Council in due to time to allow the EU to contribute to the upcoming WTO Global Review on AfT in November 2007.

11. In view of the global importance of high-value and scaled-up AfT, the Council confirms that the Joint EU AfT Strategy shall be flexible in nature and subject to periodical reviews.

In adopting these conclusions, the Council refers to the following conclusions and statements:

November 2002, Conclusions on Trade and Development as the Council response to the 2002 Commission Communication (doc. 14514/02, in particular paragraphs 14-16 on trade-related assistance).

March 2005, Paris Declaration on Aid Effectiveness, 2 March 2005.

May 2005, Conclusions on Accelerating progress towards achieving Millennium Development Goals (doc. 9266/05, in particular paragraphs 4 and 14-17).

November 2005, European Consensus on Development, Joint Statement by the Council and the Representatives of the Governments of the Member States meeting within the Council, the European Parliament, and the Commission (doc. 14602/05).

December 2005, Conclusions on Aid for Trade (doc. 14385/05).

December 2005, Ministerial Declaration of the 6th WTO Ministerial Conference (paragraphs 48-51 and 57).

April 2006, Conclusions on Financing for Development and Aid Effectiveness (doc. 8388/06, in particular paragraphs 31-34 on trade-related assistance).

April 2006, Conclusions on Policy Coherence for Development (doc. 8244/06).

April 2006, Conclusions on Economic Partnership Agreements (doc. 8384/06).

June 2006, Recommendations of the Enhanced Integrated Framework Task Force.

October 2006, Recommendations of the Task Force on Aid for Trade as endorsed by the WTO General Council.

October 2006, Conclusions on Aid for Trade (doc. 14018/06).

December 2006, Conclusions on Decent Work For All.

December 2006, Follow-up to the Aid-for-Trade Task Force Recommendations – WTO Monitoring and Evaluation (JOB(06)/262).

March 2007, Communication from the Commission to the European Parliament and the Council – Gender Equality and Women Empowerment in Development Cooperation (doc. 7257/07).
