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Trade and development issues

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¹ • Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
• Documents for which references are given in the text are available on the Council's internet site (<http://www.consilium.europa.eu>).
• Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's internet site or may be obtained from the Press Office.

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ITEMS DEBATED

TRADE

Trade with Australia and New Zealand

The Council authorised the Commission to open trade negotiations with Australia and New Zealand. Ministers adopted negotiating directives for each of the negotiations.

Trade agreements with both countries would aim primarily at further reducing existing barriers to trade, removing custom duties on goods, and giving better access for services and public procurement in Australia and New Zealand.

For more details, [see the press release](#)

New architecture of trade agreements

The Council adopted conclusions on the negotiation and conclusion of EU trade agreements. The conclusions set out the key principles underpinning the Council's approach towards trade negotiations from now on.

In the conclusions, the Council takes note of the Commission's intention to recommend to splitting between separate agreements provisions related to investment, which would require approval by the EU and all its member states, and other trade provisions falling under the exclusive competence of the EU. The text also sets out how the Council intends to approach this issue in the future, including in the specific cases of agreements with Australia, New Zealand and Japan.

The conclusions also focus on the role of the Council in the negotiations, in particular its involvement throughout all the stages of the negotiating process, and the importance of working to reach consensual decisions, to the greatest extent possible, in order to ensure that all member states' interests and concerns are adequately respected in trade agreements.

The Council stresses the importance of keeping all interested stakeholders, including national parliaments and civil society, informed of the progress and contents of trade agreements under negotiation.

For more details, [see the press release](#)

[Council conclusions on the negotiation and conclusion of EU trade agreements](#)

Follow-up to the WTO ministerial conference in Buenos Aires

The Council discussed the **follow-up to the 11th WTO ministerial conference** which took place last December in Buenos Aires. Ministers considered the latest developments in the post-Buenos Aires process and had a strategic discussion on the possible future WTO agenda.

Given the disappointing results of the WTO ministerial conference and the shortcomings it revealed in the existing system, ministers highlighted the importance of taking a leadership role in pursuing an agenda of positive reforms of the WTO. In particular, they gave support to the Commission in its efforts to resolve the current crisis of the WTO appellate body due to the blockage of nominees for judges' positions. They also called for the strengthening of the overall negotiating process among members, in particular by working in more flexible settings which wouldn't necessarily involve the whole WTO membership.

The Council discussion follows on an initial exchange of views on the prospect for the WTO's future which took place during the informal meeting of trade ministers in Sofia, in March 2018. The overall disappointing outcome of the Buenos Aires conference has prompted the EU to start a general, strategic reflection on the possible future WTO agenda and ways to revitalise cooperation in the multilateral framework.

The immediate next step on this topic will be the informal ministerial meeting of trade ministers, scheduled on 31 May 2018 in Paris, in the margins of the OECD Council.

[WTO's 11th ministerial conference website](#)

Trade agreements with Japan and Singapore

The Council had an exchange of views on free trade agreements (FTAs) with Japan and Singapore, as well as an investment protection agreement with Singapore, on the basis of the proposals adopted by the Commission on 18 April 2018.

Ministers stressed the considerable economic value and strategic importance of agreements with both partners and encouraged the continuation of intensive work towards their signature and conclusions. The Council confirmed the ambitious timelines for the signature of both FTAs, as proposed by the Commission. The signature of the EU-Japan agreement is now foreseen at a summit in Brussels in July 2018, while the FTA with Singapore should be signed by October 2018. The aim is to have both texts implemented in the course of 2019.

Trade negotiations with Japan started in 2012. At the EU-Japan summit of 6 July 2017, both parties reached agreement in principle on the main elements of a free trade deal, known as the economic partnership agreement (EPA). Negotiations on all outstanding issues were concluded in December 2017.

The trade agreement with Japan is a highly ambitious and comprehensive trade agreement. When fully implemented, 99% of the tariffs applied on EU exports to Japan, which currently amount to about €1 billion, will be removed.

The agreement will create sizeable new opportunities for EU agricultural exports, removing the existing Japanese tariffs on products such as cheeses or wines, while protecting EU intellectual property rights on Japanese markets. It will also open up services markets and significantly increase EU companies' access to Japan's procurement bids.

The EPA is based on the highest standards of labour, safety, environment and consumer protection. It is also the first trade agreement including a specific commitment to the Paris climate agreement.

In parallel, negotiations with Japan continue on investment protection standards and investment protection dispute resolution. The firm commitment on both sides is to move towards an agreement in the investment protection negotiations as soon as possible.

The EU and Singapore launched trade and investment negotiations 2010. Talks were concluded in 2014 but the finalisation of the agreement was put on hold due to the request submitted by the Commission to the Court of Justice for an opinion to determine whether the EU has exclusive competence enabling it to sign and conclude the envisaged agreement by itself.

Following the opinion of the Court delivered in May 2017 (see point on the new architecture of trade agreements above), the Commission decided to propose two separate agreements:

- a free trade agreement, which contains areas of exclusive EU competence and thus only requires the Council's approval and the European Parliament's consent before it can enter into force. The Commission's target for having the agreement applied is the end of its current mandate, in 2019;
- an investment protection agreement which, due to its shared competence nature, will also have to go through the relevant national ratification procedures in all member states before it can enter into force. The time horizon for implementation of this pact is therefore much longer.

The EU-Singapore deal is one of the first 'new generation' bilateral agreements. On top of the classical removal of customs duties and non-tariff barriers for trade in goods and services, it contains important provisions on intellectual property protection, investment liberalisation, public procurement, competition and sustainable development.

[Commission's web page on the EU-Japan economic partnership agreement](#)

[Commission's webpage on the EU-Singapore trade and investment agreements](#)

Other issues

– ***State of play of ongoing trade negotiations***

Under "other business", the Council considered the stated of play of ongoing trade negotiations with its partners, on the basis of a presentation by the Commission.

Ministers discussed in particular the recent agreement in principle reached with Mexico, as well as recent developments in talks with Mercosur, Chile and Vietnam.

– ***Trade relations with the United States***

Over lunch, ministers discussed recent developments of the EU's trade relations with the United States, in light of President Trump's announcement of the application of a 25% tariff on steel and 10% tariff on aluminium of 23 March 2018 and the imminent expiry of the exemption from those tariffs granted to the EU until 1 June.

Ministers took stock of the discussions among heads of state and government on the US measures, at their dinner in the margins of the Western Balkans summit in Sofia on 16 May 2018.

[Remarks by President Tusk ahead of the EU-Western Balkans summit](#)

[Commission's press release on President Juncker's attendance of the EU-Western Balkans summit](#)

DEVELOPMENT

ACP-EU partnership: post-Cotonou framework

Ministers took stock of progress in the preparations of a Council decision authorising the Commission to open negotiations on the future partnership between the EU and the African, Caribbean and Pacific (ACP) countries.

The Council commended the Bulgarian Presidency for the intense work carried out by the Council's preparatory bodies since the publication of the Commission's recommendation for an update of the existing framework for cooperation with ACP countries, in December 2017. The Council noted that most of the outstanding issues of the negotiations had been resolved.

The Council confirmed its objective of finalising the negotiating directives by its meeting of 28 May, in order to be ready to launch negotiations with ACP partner countries as soon as possible.

An ACP-EU Council of ministers will take place in Lomé (Togo) on 31 May and 1 June 2018. If both parties are ready with their respective mandates, it should be the opportunity to kick off negotiations on the post-Cotonou framework.

[Post-Cotonou process, Commission DG DEVCO website](#)

EU emergency trust fund for Africa

The Council discussed the EU emergency trust fund (EUTF) for Africa. Ministers took stock of the fund's implementation and reviewed the management of current projects and the financial aspects.

In its initial presentation, the Commission highlighted the main achievements of the fund, while underlining the challenges the fund is currently facing, in particular the existing funding gap of EUR 1.2 billion for the three geographic areas. Ministers stressed the importance of the EUTF as a tool to addressing the root causes of illegal migration and called for a prioritisation of the funds' objectives in order to better target the attribution of resources.

The EUTF for Africa was created following the Valletta summit on migration in November 2015 between the EU and African countries, with the aim of addressing the root causes of poverty and irregular migration, by promoting economic and equal opportunities, security and development and providing immediate assistance for migrants and refugees.

As of 8 May 2018, 147 programmes have been agreed for a total amount of around EUR 2.59 billion divided between the three geographic areas of Sahel and Lake Chad, the Horn of Africa and the North of Africa region.

The fund is financed both by the EU and individual member states. Overall, the resources of the EUTF had reached EUR 3.39 billion at the end of 2017. Almost EUR 3 billion come from the European Development Fund and the EU budget, while EU Member States and other donors (Switzerland and Norway) contribute around EUR 400 million in total. The European Council discussion in December 2017 triggered Member States pledges of €178.6 million, mainly to replenish the North Africa window.

[Commission's website on the EUTF for Africa](#)

[EUTF's Annual Report for 2017](#)

Future of external financing instruments

Ministers had an exchange of views on the foreign aid budget for the 2021-2027 period, on the basis of the Commission proposals for the future multiannual financial framework (MFF) presented on 2 May.

The Commission proposes to set aside an envelope of €123 billion in the next MFF to finance its external policy. This represents a 26% rise compared to the current period.

The EU is the world's biggest provider of development assistance, the first trading partner and the first foreign investor for almost every country in the world. The main aim of the Commission for the next budget period is to modernise the EU's external action instruments in order to increase their effectiveness, through more coherent and streamlined processes. For this purpose, the Commission envisages a major restructuring of the current financing structure by which most of the existing instruments would be merged into a broad instrument with worldwide coverage. The European Development Fund (EDF) would also be integrated into the EU budget.

[Commission's MFF factsheet on external action - "the neighbourhood and the world"](#)

Other issues

– ***Gender and development***

Over lunch, ministers exchanged views on how to increase the outreach of initiatives aimed at promoting gender equality and women's and girls' rights in the framework of development cooperation with third countries.

Gender equality and women's empowerment has been recognised as one of the 17 sustainable development goals of the United Nations' 2030 agenda. In this context, the EU has developed an action plan for the 2016-2020 period aimed at promoting the protection and fulfilment of girls' and women's rights in its external relations.

[UN 2030 agenda for sustainable development: sustainable development goals](#)

[EU Gender Action Plan 2016-2020](#)

– ***Energy and development***

The Council adopted conclusions on ways sustainable energy cooperation can contribute to delivering on the 2030 agenda for sustainable development.

The conclusions highlight three key objectives in the area of energy and development: (1) addressing the lack of access to energy; (2) increasing energy efficiency and renewable energy generation; and (3) contributing to the global fight against climate change, in line with the Paris agreement. ([8954/18](#))

– ***Investing in sustainable development***

The Council adopted conclusions on the effective use of all sources of financing (public/private, domestic/international), domestic action and sound policies in order to foster sustainable development.

On the basis of a Commission report on EU funds devoted to development assistance in 2017, the conclusions highlight the importance of a comprehensive and integrated approach in supporting developing countries in mobilising additional financing and other means of implementation. ([8959/18](#))

– ***Implementation of the EU's external action instruments in 2016***

The Council adopted conclusions on the Commission's annual report on the implementation of the EU's instruments for financing external actions in 2016.

The Council underlined the progress towards the implementation of the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) presented in the Annual Report and the importance of using in a comprehensive manner the entire scope of EU policies and tools available for external action. ([8960/18](#))

– ***Court of Auditors' report on assistance to Myanmar/Burma***

The Council adopted conclusions on the Court of Auditors' special report on EU assistance provided to Myanmar/Burma in the 2012-2016 period.

The Council underlined the relevance of the Court's recommendations and conclusions, in particular that the EU development support to the country had been partially effective. ([8952/18](#))

OTHER ITEMS APPROVED

TRADE

Trade with Mexico

The Council adopted a decision on the signing and provisional application of the third additional protocol to the economic partnership agreement with Mexico, together with the EU's position on certain adaptations needed in the agreement in order to take account of the accession of Croatia to the EU. It also decided to request the consent of the European Parliament required for the conclusion of the same agreement.

Due to the accession of Croatia to the EU, the EU-Mexico trade agreements is amended as regards provisions covering trade in goods, certification of origin and government procurement, as well as provisions relating to financial services.

DEVELOPMENT

Court of Auditors' report on assistance to Myanmar/Burma

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The Council underlined the relevance of the Court's recommendations and conclusions, in particular that the EU development support to the country had been partially effective. (7952/18)

Energy and development

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The conclusions highlight three key objectives in the area of energy and development: (1) addressing the lack of access to energy; (2) increasing energy efficiency and renewable energy generation; and (3) contributing to the global fight against climate change, in line with the Paris agreement. (8550/18)

Investing in sustainable development

The Council adopted conclusions on the effective use of all sources of financing (public/private, domestic/international), domestic action and sound policies in order to foster sustainable development.

On the basis of a Commission report on EU funds devoted to development assistance in 2017, the conclusions highlight the importance of a comprehensive and integrated approach in supporting developing countries in mobilising additional financing and other means of implementation. (8551/18)

Implementation of the EU's external action instruments in 2016

The Council adopted conclusions on the Commission's annual report on the implementation of the EU's instruments for financing external actions in 2016.

The Council underlined the progress towards the implementation of the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) presented in the Annual Report and the importance of using in a comprehensive manner the entire scope of EU policies and tools available for external action. (8554/18)

EUROPEAN ECONOMIC AREA

Cooperation in specific fields outside the four freedoms

The Council adopted three decisions establishing the EU position to be taken in the Joint Committee of the European Economic Area (EEA) concerning amendments to protocol 31 to the EEA agreement, on cooperation in specific fields outside the four freedoms ([8187/18](#), [8190/18](#), [8194/18](#)).

The aim of the three decisions is to allow the contracting parties of the EEA Agreement to continue their cooperation in 2018 in the Union actions funded from the general budget regarding:

- implementation and development of the single market for financial services
- preparatory action on defence research
- free movement of workers, co-ordination of social security schemes and measures for migrants including migrants from third countries

EEA Agreement - Incorporation of EU legislation

The Council adopted a decision establishing the EU position to be taken in the Joint Committee of the European Economic Area (EEA) concerning amendments to annex IX (Financial services) of the EEA Agreement ([7438/18](#)).

The aim of the decision is to incorporate into the EEA Agreement a number of Commission delegated regulations and Commission implementing regulations related to Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR Level 2 acts).
