EU's aid for trade

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The Council dealt with a cluster of related issues concerning trade and development and financing for development, namely: the negotiation of economic partnership agreements with ACP states, "**aid for trade** ", financing for development and the effectiveness of development aid.

It took further steps to implement landmark principles on development cooperation agreed in 2005.

As regards the economic partnership agreements (EPAs), the Council confirmed its wish to see the negotiations completed on time. Recalling its belief in these instruments as tools for development, it expressed its support for provisions on trade that would improve access for the ACP states to the EU market. For EU access to ACP markets, the Council believes that there should be as much flexibility as possible in excluding products, safeguard clauses and long transitional periods. The Council emphasised the importance of developing regional integration in the six ACP regions concerned.

The Council also agreed on the main elements to be included in a joint "aid for trade" strategy to be approved before the end of the year. The strategy will take account of needs resulting from the EPAs. The EU has already pledged to provide EUR 2 billion annually by 2010 for trade-related assistance to developing countries. The future strategy will indicate what share of these funds will be available for the ACP states, bearing in mind that it is the ACP states that will assess their own requirements and establish their priorities.

Aid for trade is part of the EU's commitment to increase official development assistance (ODA). The Council examined an annual report from the Commission on progress made towards meeting commitments on ODA announced in 2005. The EU provided EUR 48 billion for development cooperation in 2006 and, in doing so, exceeded its target. Some of this amount allowed important support and relief to certain countries in non-recurring circumstances (such as debt relief and tsunami recovery aid). The Council recognised that additional efforts will be required in order to maintain a strong performance.

EU development policy is equally focused on the quality and effectiveness of aid. The EU has made commitments both internationally and internally to improve these aspects of its policy. The Council agreed a code of conduct, to be applied by the member states and the Commission, on "complementarity and division of labour". This will gradually alter the pattern of aid delivery so as to improve its impact in reducing poverty (see INI/2006/2208) and reducing transaction costs that have no positive impact on development efforts.