



**COUNCIL OF  
THE EUROPEAN UNION**

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**NOTE**

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Subject : **1) Agricultural Commodity Chain, Dependency and Poverty: proposal for a  
EU Action Plan**  
**2) Proposal for an EU-Africa Partnership in support of cotton sector  
development**  
**= Council Conclusions**

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At its meeting on 27 April 2004, the General Affairs and External Relations Council (GAERC), in its formation of Development Ministers, adopted the attached Conclusions.

**COUNCIL CONCLUSIONS**  
**on Agricultural Commodity Chains, Dependence and Poverty and**  
**an EU-Africa Partnership in Support of Cotton Sector Development**

1. The Council recognises the crucial importance of agricultural commodities for poverty reduction in developing countries. It stresses the need for urgent measures to address the situation of commodity producers who currently face major challenges, in particular in the most commodity dependent developing countries (CDDCs) where implications extend to the macro level;
2. The Council recognises that addressing the issues of international agricultural commodity chains, dependence and poverty is complex and requires a package of measures and a multidisciplinary approach, as well as collaborative and coordinated efforts by all stakeholders - including governments, producers, the private sector, non-governmental organisations, international organisations, and bilateral and multilateral donors;
3. In this context it recalls Council conclusions of 17 November on the cotton crises in Africa and of 8 December 2003 on reviving the Doha Development Agenda (DDA). It welcomes the proposal for an EU Action Plan on agricultural commodity chains, dependence and poverty, and the specific proposal for an EU-Africa Partnership in support of cotton sector development set out in the Commission Communications;

4. The Council endorses the objectives, orientations, policy priorities and measures of the proposed EU Action Plan; and agrees that the EU and its Member States should pursue these, including the issue of resources, in their bilateral and multilateral cooperation as well as in relevant international fora, and where appropriate, in their respective bilateral dialogue with CDDCs. In this context, it is important to have a gender sensitive approach and to take measures to ensure environmental sustainability. It further invites the EC and Member States at the level of their relevant services to develop measures, actions and means to operationalise the EU Action Plan and invites the Commission to report on progress in the context of the Annual Report.
5. The Council considers that the first steps of implementing the EU Action Plan should include:
- supporting commodity dependent developing countries in the design and implementation of commodity chain strategies, building on existing initiatives and in the context of national development strategies and in particular Poverty Reduction Strategies (PRS);
  - advancing efforts to develop regional markets, policies and services in support of commodity sectors, in the framework of support to regional integration through both development cooperation and trade negotiations. Advantage should in particular be taken of the opportunity presented by the negotiations on EU-ACP Economic Partnership Agreements (EPAs);
  - supporting the CDDCs in their effort towards diversification, in particular by encouraging livelihood diversification for commodity producers, through increasing assistance to productive sectors in rural areas; such support, where appropriate, should be provided in the context of the PRS of the particular country in accordance with the principle of ownership, bearing in mind the important role that regional integration can play to facilitate the process of transformation;
  - extending access to market-based commodity risk instruments at the micro level, and piloting these tools for the macro level;

- developing multi-donor cooperation on agricultural commodities with international organisations (WB, FAO, UNCTAD, CFC), with a view to enhance expertise and development of innovative tools to support national commodity strategies;
- in the framework of the DDA, ensuring that due attention is paid to products of specific interest to CDDCs, including traditional commodity products and products of importance for diversification and taking into account the issues of major interest for CDDCs in all relevant aspects of the negotiations, as outlined in particular in the Council conclusions on Trade and Development adopted in November 2002<sup>1</sup>; the Council encourages all WTO Members to make special efforts in this regard;
- encouraging all developed countries to give duty and quota free access to all products from LDCs, as the EU has done under the Everything But Arms (EBA) initiative. Major developing countries should also be encouraged to open their markets for commodities;
- ensuring that the forthcoming reform of the GSP system continues to provide generous and predictable access for CDDCs to the EU market, including through revision of the rules of origin requirements;
- ensuring that in the short term, resources such as Flex and budget support are provided to CDDCs to mitigate the adverse impact on poverty of shortfalls in exports earnings;
- developing coordinated efforts to encourage sustainable corporate practices and investments, in particular in CDDCs; including the development of public private partnerships, and valorising instruments for private sector developments in non-traditional sectors, bearing in mind the important role that the fair trade movement and the international discussions on codes of conduct can play with regard to sustainable development.

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<sup>1</sup> <http://ue.eu.int/newsroom/NewMain.asp?LANG=1>  
doc. 14184/02 (presse 351)

6. The Council recognises the important role of International Commodity Bodies as fora for co-operation between producer and consumer countries, both at government and private sector level; in particular, the participation of private sector should be encouraged. It invites the EC and Member States to undertake assessments, deepen the reflections and where appropriate make proposals with a view to ensuring the efficiency of these bodies and of their contribution to market functioning, sustainable development and other common interests of the sectors, and to commodity chain strategies in CDDCs.
  
7. The Council endorses the proposal for an EU-Africa partnership on cotton as an important application of the proposed EU Action Plan. The Council urges the EC and Member States to address the issues raised, including the question of financial resources, and to undertake all necessary actions to implement it, while basing their activities on the principle of local ownership and effective coordination. This implies
  - a. obtaining fairer international trade conditions by:
    - supporting an effective and specific solution on cotton within the WTO agricultural negotiations.;
    - encouraging all developed and major developing countries to follow the EU in providing complete market access to cotton and cotton based products from LDCs;
    - aiming within WTO at the elimination of all forms of export subsidies for cotton;

- striving to secure a commitment from major cotton producing countries to undertake reforms with respect to trade distorting domestic support. In this context, the Council welcomes the fact that the EC has concluded the reform of its own cotton regime, which, while taking account of the interests of its own producers, will also reduce its trade-distorting impacts and improve coherence with the EC's development policy. The Council notes the intention of the Commission to establish a mechanism that will allow it to monitor the impact of its subsidy schemes and reform measures on cotton production and trade.
  - supporting African countries through trade related technical assistance and capacity building to defend and negotiate their case in the multilateral trade context.
- b. supporting cotton producing countries in Africa, and in complement to the measures recommended above for the EU Action Plan to:
- intensify cooperation efforts to consolidate competitiveness of the African cotton sector and rural growth of cotton producing areas;
  - strengthen policies and institutions, encourage private investments for value addition, favour technological innovations and support international recognition of the African cotton quality, in line with national poverty reduction and development strategies;
  - ensure that the potential of EPAs is fully exploited to support the development of the cotton economies, in particular through efforts in the area of trade facilitation and investment clauses;
  - support African countries' access to market-based mechanisms that mitigate commodity risks for cotton farmers.
8. The Council invites the Commission to consider EC membership of the International Cotton Advisory Committee (ICAC), as one of the main fora for the sector.