



**Ad Hoc Working Group to further Study and Strengthen the Smooth Transition
Process – 16 February 2012 –**

SUMMARY OF THE EU DELEGATION INTERVENTION

- Co-Chairs, Excellencies, we see graduation as a challenging but positive process.
- We are determined to accompany LDCs in reaching the objective they have set for themselves. It is for LDCs to lead the way, but we are determined to focus our policies and actions where they bring most added value and impact.
- We call on all to align with the level of preferences and predictability in the transition phase offered by the EU. The EU has the most opened market for LDCs' exports and is the first provider of aid, including aid for trade, to LDCs.
- But we also need to ensure that LDCs take better advantage of current benefits. In the last 10 years, because of Europe's "Everything But Arm" (EBA) initiative, EU imports from LDCs grew over 25% faster than imports from countries not benefiting from preferential regimes. Our aid, including aid for trade, was at a record high last year. Still, in the last 10 years, LDCs have not benefited as much as others from globalisation. So we need to keep on working together to improve our partnership.
- We believe it is key that LDCs put in place national smooth transition strategies which become the framework within which partners can work with LDCs and determines early on the mix of supporting actions. We believe the group should look at past and current experiences and identify what tools LDCs need in order to more efficiently develop their smooth transition strategies, and what support could be provided to facilitate that process. This is crucial to ensure the impact of specific measures offered.
- We are not looking at setting up new mechanisms or adding layers to current processes. Let us first assess and make better use of current benefits.

SPECIFIC REMARKS ON PREFERENCES AND TRANSITION BENEFITS

- The EU is committed to:
 - maintaining an additional 3 year period, post graduation, during which countries will still benefit from the "EBA" scheme (this means 6 years of Duty Free-Quota Free from the graduation decision by the General Assembly). Following these 3 additional years, the general GSP regime allows for a significant level of tariff preferences to be maintained. In other words, we ensure clear and predictable market access benefit.
 - discuss and revise, as appropriate, with the graduating countries our bilateral strategies and aid programmes to ensure that they fully support the transition

strategies. EU bilateral strategies and financial programmes (stemming from the European Development Fund or the Development Cooperation Instrument) are normally defined (overall financial envelope and priority actions) in partnership with LDCs for 7 years. These take due consideration of all relevant issues and challenges facing partner countries and are not framed solely or automatically by graduation criteria. In other words, we maintain clear, shared and predictable development cooperation during the transition phase.

SPECIFIC REMARKS ON THE 2 PRESENTATIONS (CAP VERDE, BOTSWANA)

CAPE VERDE

- Cape Verde is a very good example of a country that made good use of the EU additional 3 years transition period to ratify and implement core international conventions to qualify for GSP+. Immediately after the end of "EBA" in December 2011, Cape Verde started to benefit from GSP+, to avoid abrupt disruptions.
- The specific EU - Cape Verde "Special Partnership" concluded in 2007 took our relationship away from traditional "donor/recipient" into a much deeper partnership.
- 61 Millions Euro are dedicated to bilateral cooperation under the current European Development Fund to address poverty alleviation but also supporting the special partnership, notably through budget support. Support targets key sectors such as normative and technical convergence with EU legislation. EU is the local coordinating donor for trade related technical assistance.
- So transition has reinforced, not weakened, our partnership.

BOTSWANA

- Botswana is a good example of a country which led the way out of the LDC category.
- Botswana signed an interim Economic Partnership Agreement with the EU in June 2009. It will, following the notification of its application (or conclusion of ongoing regional negotiations), continue to benefit from the DFQF access.
- More than 110 Millions Euro are dedicated to bilateral cooperation under the current European Development Fund. In agreement with Botswana, EU cooperation is concentrated on human resources for development (notably through sectoral budget support): education, training, the fight against HIV/AIDs.
- But specific projects also support Botswana's efforts for economic diversification.
- So, experience shows that our bilateral partnership can be jointly adapted to reflect the opportunities and challenges of graduation.