

The European Union's development policy

**A personal view of 50 years
of international cooperation**

Dieter Frisch



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Photo

ECDPM, Judith den Hollander. 2006. Dieter Frisch at the seminar on the occasion of the 20th Anniversary of ECDPM, December 2006. « The Cotonou Agreement: What role in a changing world? »

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Foreword

ECDPM is delighted to be able to mark 50 years of European cooperation by publishing the account of an observer and a protagonist of the many events described in this paper. Starting his career in the Commission in 1958, it was in 1964 that Dieter Frisch entered DG Development where he would spend two thirds of his 36 years of service, interrupted only by six years as Director of DG Budget (1977-1982). From 1982 to his retirement in 1993, he occupied the post of Director-General for Development where he led the negotiations for Lomé III and IV. He is therefore very well placed to guide us through the twists and turns of early ACP-EU relations from Yaoundé to Lomé and up to the Treaty of Maastricht where European cooperation was placed on a formal footing. Even though retired, Dieter Frisch continues to maintain a keen interest in European affairs, in particular development cooperation. As an adviser and expert in European cooperation, he is regularly consulted by various official and non-governmental bodies. He has therefore been able to keep abreast of more recent developments, from Cotonou to the “European Consensus” and the Joint ACP-EU Strategy.

This paper, essentially historic in nature, is unlike ECDPM's usual publications which generally examine technical or political issues and look resolutely to the future. Its aim is to examine how development cooperation came about in the Community and then the Union in order to shed light on the past and ensure that the origins of this staunchly international side of our Union are not lost from sight. To some extent, this paper is also educational in nature since it helps us better to understand the events and ideas that have led to many of our present practices and structures. It also has a political dimension, as the author does not hide his European beliefs and tells us in detail about the various stages along the road towards more integrated and coordinated European cooperation, while giving his view of the added value of this kind of integration. It also reflects his respect for the ACP Group partners to which he devoted a good part of his career. While this is therefore a very personal account, it is also the account of someone recognised for his experience and command of the issue.

As the author himself says, this paper has no academic ambition. However, in

the interest of readers wishing to delve deeper into research, we have included a small bibliography listing the main texts to which the author refers. The bibliography has been prepared by Veronika Tywuschick. Linda Monfrance typed the manuscript. James Mackie and other colleagues commented on the text. We have endeavoured, however, to preserve the author's personal style.

The ACP countries and the Group's relations with the EU have played a large part in the history of the ECDPM since its inception in 1986. The knowledge and experience of Dieter Frisch, who was a member of the ECDPM's Board from 1986 to 1993 and again became a member in 2002 when he became Chairman of the Board's Programme Committee, are of major value as our work continues. We are therefore delighted to share, through this paper, the more historical aspects of his experience of European cooperation with a wider audience.

Paul Engel
Director ECDPM

Maastricht, 25 April 2008

Note

1. The fact that the text refers from the outset to the “European Union” is to some extent jumping the gun as this notion only appeared formally with the Treaty of Maastricht (1993). And indeed, it is only with the Treaty of Lisbon (signed in 2007) that the EU will gain legal personality. Prior to that, development cooperation agreements and relations were always with the European Community or, even further in the past, with the European Economic Community. These terms are used equally in the text.
2. The term “development policy”, of which much use is made, is in practice an abbreviation: logically, we should always talk about “development cooperation policy”.
3. This review of 50 years of development cooperation is the personal account of a protagonist and observer of this policy. It has no academic ambition. It intentionally avoids footnotes and often uses rounded figures.
4. The manuscript was completed in December 2007 in French.

Acronyms and abbreviations

AASM	Associated African States and Madagascar
ACP	African-Caribbean-Pacific (group of States)
ALA	Asia and Latin America
ASEAN	Association of South-East Asian Nations
AU	African Union
CAP	Common Agricultural Policy
CEMAC	Economic and Monetary Community of Central Africa
CFSP	Common Foreign and Security Policy
COMESA	Common Market for Eastern & Southern Africa
DAC	Development Assistance Committee (OECD)
EBA	Everything-But-Arms
ECA	Economic Commission for Africa
ECHO	European Community Humanitarian Office
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EEC	European Economic Community
EIB	European Investment Bank
ENP	European Neighbourhood Policy
EU	European Union
FEDOM	European Overseas Development Fund
FTA	Free Trade Area
GATT	General Agreement on Trade and Tariffs
GNP	Gross National Product
GSP	Generalised System of Preferences
LDC	Least-Developed Country
MDG	Millennium Development Goals
MEDA	Mediterranean Policy Financing Programme
MERCOSUR	South American Regional Grouping
NGO	Non-Governmental Organisation
OAU	Organisation of African Unity
OCT	Overseas countries and territories
ODA	Official Development Aid
OPEC	Organisation of the Petroleum Exporting Countries
SACU	Southern African Customs Union
SADC	Southern African Development Community
TDCA	Trade and Development Cooperation Agreement
TEU	Treaty on European Union
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organization

Introduction

The development policy of the European Union (EU) is a lesser known but nevertheless very interesting and even fascinating dimension of the process of European integration. Built with perseverance and pragmatism from 1958 onwards, and acquiring increasing substance, this policy nevertheless had no specific legal basis until the Treaty of Maastricht (1993) finally provided it with one. The fact that development policy had become, even before Maastricht, a solid pillar of the EU's external relations bears witness to the political creativity of the Community of the time. As this policy evolved, the legal side of things was perhaps less important as the institutions saw their role as a political and constructive one; the Commission launched intelligent and courageous initiatives at the politically opportune moment, leaving considerations of institutional competence on the back burner; the Council of Ministers – urged on by the expectations of the developing countries – decided it was in the common interest to add a new policy dimension to European integration; the European Parliament actively encouraged this process through political initiatives and appropriate budgetary decisions.

This paper will look at the main ways in which the EU's development policy evolved during three periods: from Rome to Lomé, from Lomé to Maastricht and from Maastricht to Lisbon.

1

**From Rome to Lomé
(1958-1975)**



From Rome to Lomé (1958-1975)

1.1 The association of the overseas countries and territories

There is little point in trying to find any rational approach in the beginnings of the EU's development policy, especially from the point of view of geographical priorities (which countries? which continents?) or thematic priorities (infrastructure, agriculture, education, health?). In practice, this policy was the result of an "accident of history", when very late in the negotiations leading to the Treaty of Rome, in Venice in 1956, France surprised its partners by demanding that its overseas territories be associated with the future European Economic Community (EEC). Germany, which had lost its colonial possessions at the end of the First World War, backed by the Netherlands, put up considerable opposition to the French demand that the Community take on a colonial heritage.

It is even said that Chancellor Adenauer would have offered a substantial sum to get rid of this problem. However, France managed to win the day with staunch support from Belgium. Why did France risk the failure of the negotiations for the EEC Treaty by making the association of its overseas territories a precondition?

In truth, the French initiative was not at all surprising in view of the declaration made by Robert Schuman on 9 May 1950. The French foreign minister put forward the idea that the pooling of coal and steel production would generate new resources; he suggested that "with increased resources Europe will be able to pursue the achievement of one of its essential tasks, namely, the development of the African continent". This Eurafrikan geopolitical vision on the part of France, shared, moreover, by Belgium which was still heavily committed to the economic development of central Africa, was ultimately to gain the upper hand over the very clear lack of enthusiasm on the part of Germany and the Netherlands; as they were not really involved in relations with the African territories, these two States were keener to take a more open attitude to all the countries of the developing world.

The dispute was ultimately settled by a political compromise that had two elements: the four States which had overseas territories (France and Belgium as well as Italy and the Netherlands) would give up the quasi-exclusive economic relations between the “parent” country (supplier of manufactured products) and its overseas territories (suppliers of raw materials) and open up markets to all the future Member States of the EEC. In return, the six founding States agreed to play their part in financing the development of these territories.

These two principles, giving up the “colonial pact” and “burden-sharing”, consequently provided a basis for the wording of the fourth part of the EEC Treaty on the “association of the overseas countries and territories” (OCTs) with the fledgling Community. The purpose was “to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Community as a whole”.

The association was from the outset intended to be a global approach covering both economic relations, especially the trading system, and the creation, outside the Community budget, of a fund for the development of the OCTs (FEDOM), the forerunner of the European Development Fund (EDF), provided with 581 million units of account over a five-year period.

It should be noted straightaway that the use of the term “association” for relations with the dependent territories – in contrast to the association based on Article 238, which covered relations with sovereign third countries – temporarily tarnished the image of the Community’s development policy. It was nevertheless impossible to predict that this ambiguous association would lay the first stone of an edifice that would never stop growing. In retrospect, France should be thanked for laying this cuckoo’s egg in Europe’s nest!

It should also be borne in mind that this was largely unknown territory: relations between the countries of the North and the developing world were far from structured: in Bandung, the “Third World” had just about managed to organise itself as a “non-aligned movement” (1955); “development cooperation” and “developing countries” were not at all current terms.

The countries of sub-Saharan Africa were about to gain their independence.

1.2 *The Yaoundé Convention and the Lagos and Arusha Agreements*

Most of the “associated” countries gained their independence in the early 1960s. With the exception of Guinea (which joined the club in 1975), the newly independent States – 18 African States, all French-speaking, with the exception of Somalia – were keen to negotiate an association agreement with the EEC in order to consolidate their privileged position with the Community. That led to the conclusion of the first Yaoundé Convention (signed in the capital of Cameroon) with the “Associated African States and Madagascar” (AASM) which remained in force from 1965 to 1970.

No major changes were made to the trading system. It continued to be based on the principle of free trade in both directions, albeit with many exceptions on the part of the associated States. Only those countries which had previously granted trading preferences to their parent country extended them to the Community as a whole pursuant to the principle of non-discrimination between Member States. However, countries such as the Congo (formerly Belgian), Togo and Somalia, which had not granted preferences to their parent countries, did not grant them to the EEC either.

The financial allocation was set in the framework of the second EDF (730 million units of account). The novelty lay in common institutions, within which all the partners were represented on an equal footing.

Transition to the second five-year period – Yaoundé II, 1970-1975 – came up against major problems. Germany and the Netherlands in particular were less and less interested in the association. From an economic point of view, this association offered them few benefits, especially as most of the contracts financed by common resources went to enterprises of the former parent countries, i.e. to France in particular. From a political point of view, there was growing criticism of Yaoundé, except in the associated States: “neo-colonialist approach”, “discrimination against those not belonging to the club”, “Yaoundé is dividing Africa and impeding pan-African endeavours”, etc. The Commission was also increasingly of the view that

this policy of association, very limited in regional terms, was not in keeping with the role that the Community could play in the long term in development policy.

At the time, the advocates of an open policy – led by Germany and the Netherlands – had already made their approval of Yaoundé I subject to negotiations which would also include other African States. As a result, an association agreement was signed in 1966 with Nigeria (Lagos Agreement) but never came into force as a result of the war in Biafra, and an agreement was concluded in 1969 with three east African states, Kenya, Uganda and Tanzania (Arusha Agreement). The main difference between these two agreements and the Yaoundé Convention lay in the fact that no provision was made for any financial or technical aid. They were largely preferential trading agreements based on the principle of free trade and including institutional elements.

Serious questions were starting to be asked about what would happen after 1975 when the Yaoundé Convention and the Arusha Agreement expired.

1.3 Food aid, the first form of aid without geographical links

The cooperation instruments available under the association agreements were supplemented from 1968 onwards by food aid which was the first form of assistance not linked to specific countries. The EEC had become a signatory to the International Food Aid Convention in 1967 and had entered into some quantitative commitments. Food aid has since then been one of the EU's development cooperation instruments. At the outset, it made it possible to support countries such as Egypt, India and Bangladesh, with which cooperation agreements had not at the time been signed. This was a modest first step towards opening up the European Community's external aid to the world as a whole.

There was some criticism of the fact that the Community had chosen food aid as the main instrument of worldwide cooperation: it was claimed that the EEC's sole concern was to get rid of its agricultural surpluses. There is no doubt that, without these surpluses, the Community would not really have offered this kind of aid. However, those in charge of development cooperation policy made sure

that the criteria for allocating and managing such aid were swiftly separated from agricultural policy with the result that food aid became a valuable instrument of development policy.

Foodstuffs were increasingly purchased where they were available in the region in question and not in Europe. Nowadays, the purchase of European products has become the exception. The notion of food aid has gradually been replaced by the notion of food security where the aim is to mobilise the potential and the resources of the country itself. At present, food aid is largely part and parcel of emergency humanitarian measures. The supply of foodstuffs as balance of payments aid has, moreover, largely become a thing of the past.

Up to the 1980s, food aid accounted for a substantial proportion (some 25%) of the Community's total aid. While the food aid programme has nevertheless remained relatively similar in value over the years, with an annual amount of ECU/EUR 500 to 600 million, the global volume of external aid has increased dynamically; as a proportion, food aid fell to some 15% in the 1990s and now accounts for only some 5 to 6%.

1.4 Trade policy, a development cooperation instrument

The common trade policy from the outset provided the EEC with an instrument that it could use for development purposes. It did so in the framework of the policy of preferences, i.e. granting the developing countries particular advantages in terms of access to the common market.

These provisions were already contained in the fourth part of the Treaty of Rome, then, in contractual form, in the Yaoundé Conventions and the Arusha Agreements, and later in the Lomé Conventions and the Mediterranean agreements. The general rule is one of free access to the Community market; ad hoc preferences are granted, however, in the case of products competing with European agricultural products.

Just as it had done in making food aid an instrument for all developing countries, the Community equipped itself, in terms of trade policy, with an instrument for action in all developing countries by establishing, in 1971, the generalised system

of preferences. This system, modified on several occasions since then, gives developing countries tariff preferences for their finished or semi-finished products destined for the Community market. Under this system, the advantages granted can to some extent be modulated in line with the level of development of the beneficiary countries with the result that the least-developed countries (LDCs) can be offered preferential treatment. However, it is not possible under the international rules (GATT, then WTO) to grant preferences in a discretionary way to a particular group of LDCs. As we shall see later, it was for that reason that the Lomé system of non-reciprocal preferences raised growing problems from the point of view of the Geneva authorities.

With the progressive liberalisation of world trade and the concomitant reduction of tariff levels during the various GATT/WTO negotiating rounds, the policy of trade preferences became less efficient, given that, mathematically, the potential margin for preferences shrank. This is what is known as “preference erosion”.

1.5 Development policy at the crossroads (1972)

Up till then, development policy was at its very beginnings and there was no coherent overall policy: an “accident of history” had led the Community to introduce the Yaoundé policy. In turn, Yaoundé had led to Arusha which was meant to go some way towards recompensing a group of English-speaking countries. The Lagos Agreement never came into force. There were ongoing questions about the policy of association. Agricultural surpluses had opened the door to a new worldwide instrument, food aid; lastly, trade policy had been tailored to promote development. Nobody was really satisfied, however, by this set of disparate development policy elements.

At the time there were two political currents: the first, backed by France, advocated keeping and extending a policy of association limited, in regional terms, to the former colonies; the other, backed by Germany and the Netherlands, wanted to get rid of the Yaoundé policy and replace it with a policy of worldwide development aid. The Commission intervened in this conflict between the “regional” and the “worldwide”, by publishing its first “Memorandum on a Community development cooperation policy” in July 1971. In this memorandum, it put forward the view

that existing development policy measures were no longer in keeping with the Community's growing international importance, especially as an initial enlargement was on the horizon, and that, while maintaining and extending the policy of association, it was also necessary to offer other developing countries tangible opportunities for cooperation, especially in the fields of trade policy and staple products.

The proposals put forward for financial and technical cooperation with the non-associated developing countries did not seem to go very far: very prudently, the Commission simply proposed two types of measure: promotion of trade and encouragement of regional cooperation between developing countries. This prudent approach was to be crowned with success even if this did not come till several years later: the initial appropriations for these measures were included in the 1976 budget. The ideas put forward at that time by the Commission on coherence, complementarity and coordination might appear visionary. They would be taken up in Title XVII of the Treaty of Maastricht!

As a result of its 1971 memorandum and the discussions to which it led, the Commission paved the way for the decisive policy direction decided at the Paris summit conference, in October 1972, which was attended by the Heads of State and Government of the six Member States as well as those of the accession candidates. The final Paris declaration resolved the conflict of views in a constructive way: it stressed the "essential importance" attached to the policy of association and to the agreements concluded or to be concluded with the countries of the Mediterranean basin. At the same time, the Community institutions and the Member States were invited progressively to implement an overall policy of development cooperation at world level. The foundations were thus laid for an edifice which would preserve and extend what had gone before, while gradually introducing measures for developing countries which had been neglected up to then.

Initially, the Community would nevertheless have to deal with the "regional" component of its development cooperation policy. Lomé beckoned!

2 From Lomé to Maastricht (1975-1993)



From Lomé to Maastricht (1975-1993)

2.1 The Lomé Convention (1975-1980)

In Protocol 22 to the Treaty of Accession of the United Kingdom to the EEC, twenty independent Commonwealth countries in Africa, the Caribbean and the Pacific were offered three formulae for their relations with the future enlarged Community: 1. to negotiate a new association agreement with the EEC together with the Yaoundé countries, 2. to conclude an agreement along the lines of the Arusha Agreement, or 3. to conclude trade agreements.

The second and third formulae did not seem very attractive, as they did not include financial aid. Against all expectations, there was also sharp criticism of the first formula from many of the English-speaking countries. They interpreted the offer as an incentive to join the Yaoundé Convention “as it stood” which they did not want at all. They wanted genuine negotiations which they were keen to exploit to obtain some substantive changes.

Criticisms focused on three points: first on the very notion of association which was seen as “second class membership” with substantial neo-colonialist overtones. Then, the Commonwealth countries, which had never had preferential trade arrangements favouring the United Kingdom, rejected outright the idea of granting the same kind of preferences to the EEC as most of the Yaoundé countries. This led to discussion of the so-called “reverse preferences”. Lastly, provisions on the right of establishment were also problematic, but that was merely down to an incorrect reading of the Yaoundé provisions.

These problems led, in 1972-1973, to a violent clash between French and English speakers – and not with Europe. A conservative group had taken over the reins of the Yaoundé countries – with Senegalese President Senghor as its main spokesman – and was keen fully to preserve the association model, especially as regards reciprocal preferences. The opposite position was taken by the Commonwealth Secretariat, led by its Secretary-General, Arnold Smith. Parallel negotiations, with

a coalition for and a coalition against Yaoundé, already seemed to be looming and would have led to two separate agreements resulting ultimately in an impasse.

In these circumstances, the Economic Commission for Africa (ECA), led by its Secretary-General, the Ghanaian Robert Gardiner, took the initiative and in February 1973 convened a group of some 25 African experts, invited on a personal basis, to discuss Africa's future relations with the EEC. All currents of thought were represented: French and English speakers, conservatives and progressives. Gardiner had asked the European Commission to send an official to answer questions from the African delegates. I was chosen. At the meeting, which took place over a week in the calm surroundings of Legon University close to Accra (Ghana), it was possible to shed light on a whole range of problems and clear up misunderstandings. That was particularly true of trade arrangements: with the agreement of my Commissioner, the French Jean-François Deniau, I was able to say that Europe was not asking its future partners for "reverse preferences" – to which there was initially an incredulous reaction, then, after I had confirmed it, genuine surprise – but that it simply wanted non-discriminatory treatment for its Member States.

This meeting and the Ministerial Session of the ECA which took place immediately afterwards, came to the conclusion that Africa would negotiate with Europe, but would call for negotiations without preconditions and would negotiate in a concerted way. All that was left was for the Africans to rally Nigeria which, as a result of its oil wealth and as a member of OPEC, was not really interested in supporting those in favour of negotiation. The Africans were nevertheless aware that Nigeria's participation would substantially increase their bargaining power with the Community.

In order to build on these developments which seemed to be moving in the right direction, the Commission submitted its proposals to the Council in a memorandum of April 1973. It advocated making a global negotiating offer to the Yaoundé countries, the 20 beneficiaries of Protocol 22 – which would become 22 with the addition of the Bahamas and Grenada – and other comparably structured African countries. This was a deliberate attempt to demonstrate that the Community wanted to take a more open attitude and shift away from former colonial relations. The future agreement was not to deprive the former associates

of their existing advantages and was to treat the new partners on an equal footing with the old partners. In substance, the Commission in particular recommended that any obligation to grant trade preferences to the Community be formally given up. It also proposed – an initiative which seemed revolutionary at the time – a system to stabilise export revenue from (and not the prices of) staple agricultural products (the future “Stabex”). The key element was that the Commission, rather than sticking to the formulae set out in Protocol 22, was proposing open and global negotiations.

Opened in July 1973, the negotiations led to the signature, on 28 February 1975, of the “Lomé ACP-EEC Convention”, by 46 African, Caribbean and Pacific States and by the Community and its nine Member States, covering a period of five years. In contrast to the previous agreements, the convention scrupulously avoided the term “association” in order to take account of the susceptibilities of some English-speaking countries.

After some initial hesitation, Nigeria ultimately took over the leadership of the negotiations on the side of Europe's partners. Its Ambassador Sanu was their spokesman throughout the negotiations. The whole of independent sub-Saharan Africa – with the exception, of course, of the South Africa of apartheid – was represented, including six countries which were neither members of Yaoundé nor covered by Protocol 22.¹ The six Caribbean and the three Pacific countries joined forces with the Africans – to the surprise of some people on the European side. While they undoubtedly had some problems in common with Africa, especially sugar, their main motivation had to be political: being part of an important group of negotiators and exploiting its bargaining power. That paved the way for the creation of the ACP Group, formally constituted by the Georgetown Agreement in June 1975. The creation of the ACP Group, fostered by the challenge of negotiations with Europe, was strictly an ACP initiative. As a result, it is this Group that has to be addressed in the first instance when discussing the Group's future today.

The funds channelled into the European Development Fund (EDF), the Lomé Convention's financial instrument, rose to ECU 3 billion (in contrast to 828 million

¹ Ethiopia, Sudan, Liberia, Guinea (Conakry), Guinea Bissau, Equatorial Guinea.

under Yaoundé II) over five years, supplemented by ECU 390 million from the own resources of the European Investment Bank (EIB).

In the North-South debate of the 1970s on a new world economic order, the Lomé Convention was welcomed as a breakthrough and a model. The full panoply of cooperation instruments, as well as, and in particular, the fundamental idea of partnership, reflected by joint institutions, were innovations. The fact that a single spokesman had negotiated with the Community on behalf of a large group of developing countries brought about a new political balance in North-South relations which were unequal by nature. Lomé's contribution to the removal of the artificial frontiers that the colonial era had left in Africa is unquestionable. This was the first time that independent sub-Saharan Africa had entered jointly into negotiations and then into concrete cooperation with an external partner, in this case the European Community. On this occasion, the aim was to translate pan-African discourse into common action!

We have looked in some depth at the events leading to Lomé because it represented the genuine launch of a more coherent, rational and ambitious policy of cooperation between Europe and the developing world. Although it was still geared towards Africa and, in most cases, the former dependent territories, Lomé symbolised a geographical openness which quickly spread to the Mediterranean countries and even to Asia and Latin America. Lomé played a forward-looking and pioneering role.

The period of benevolent and honest paternalism was followed by a period during which attempts were made to seek out a partnership under which more (perhaps too many) responsibilities could be given to the ACP partners. From the point of view of management of the EDF, the policy of the new Commissioner Claude Cheysson is famous: "It is your money! You should use it to meet your priorities in the best possible way. We are here to provide technical assistance if you need it". A real turning point after a period of "paternal" management!

However, we need to take a look at the launch of cooperation with other regions before we look at the events leading to Lomé II, III and IV.

2.2 *The Mediterranean agreements*

Although negotiations with the three Maghreb countries had led to the signature of five-year preferential trade agreements in 1969, real discussion of a coherent Mediterranean policy started later. The notion of a “global Mediterranean approach” was launched at the summit conference held in Paris in 1972. Wide-ranging cooperation agreements were then concluded with Israel (1975), Tunisia, Algeria and Morocco (1976) as well as Egypt, Jordan, Syria and Lebanon (1977), i.e. with all the countries on the southern and eastern shores of the Mediterranean apart from Libya.

The agreements, which, in contrast to Lomé, were concluded for an unspecified period, largely contained provisions on trade. Leaving aside the agreement with Israel, which made provision from the outset for the progressive creation of a free trade area, these agreements were based on the unilateral award of trading advantages by the Community and, in particular, on the free access of industrial products to the Community market, and an ad hoc system of preferences for certain agricultural products. The agreements were supplemented by five-year financial protocols; the fourth series of protocols expired in 1996. Overall, throughout the duration of the protocols, 60% of the financial appropriation came from European Investment Bank loans and 40% from the Community budget. Those amounts were supplemented by food aid and, at a later stage, appropriations intended to promote regional cooperation and structural adjustment, although those appropriations were not subject to any contractual breakdown by country.

Development policy instruments and trade arrangements were very similar to those under the Lomé Convention. The main difference between the two types of agreement lies in the fact that the Lomé Convention was concluded with a group of developing countries and, as a result, promoted cooperation between the Community's partner countries, while the Mediterranean agreements had to be concluded with individual countries because of the political situation in the region. Developing and promoting regional forms of cooperation such as the “Maghreb Arab Union” is something that is still proving to be very difficult today. We shall see later that, despite the “Barcelona Process” (1995), relatively little progress has been made in this respect.

2.3 Cooperation with the “non-associated” developing countries

The fact that the Paris summit conference (1972) had called for the progressive implementation of a worldwide development policy raised major expectations among the developing countries which had not been offered association (Yaoundé, then Lomé and the Mediterranean). The main focus of these expectations was financial and technical cooperation, given that trade relations were already governed by the generalised system of preferences.

The term “non-associated developing countries” was the result of clumsy bureaucracy: when the Commission's officials had started to think about a more ambitious development policy in the early 1970s, they used the collective term “non-associated” in their internal working documents to designate those developing countries which were not among the associated countries or those which could be associated. Unfortunately, this term then found its way into official terminology and figured in particular in Community regulations and the Community budget. This was especially absurd as, in the meantime, the Community had, as mentioned above, had to abandon the term association during the Lomé negotiations. From then on it therefore had “non-associates” but no “associates”! The countries concerned rightly felt that this negative label gave the wrong impression. Efforts to find a positive term met with success only in 1985, when Mozambique and Angola joined the Lomé Convention.

Since then, we have talked about cooperation with the “developing countries of Asia and Latin America” (in European jargon, the “ALA” countries).

A 1974 Council Resolution set out the principle of financial aid for this group of countries. An initial and modest amount of 20 million units of account appeared in the 1976 budget. Distributing it between two continents was no easy task. Thereafter, appropriations grew rapidly from year to year and are nowadays around EUR 1.2 to 1.5 billion, supplemented, since 1993, by EIB loans.

Whereas trade arrangements and financial and technical cooperation were governed in a specific contractual way under the Lomé and the initial Mediterranean policy, framework agreements with the countries of Asia and Latin America

mentioned forms of cooperation but did not, however, contractually define their content in quantitative terms. As regards these countries, therefore, trade policy and development aid continued to a large extent to be autonomous Community instruments.

In the case of the ALA States as well, some agreements were concluded with individual countries and others with groups of countries. The agreements with India, Bangladesh, Pakistan, Argentina and Brazil come under the first heading. Group agreements have been signed with the ASEAN countries, the Andean countries, Central America and Mercosur.

The oldest contractual relations are those between the European Community and India. In 1973, India concluded a trade cooperation agreement with the European Community which had just been enlarged to nine Member States. In 1981, India concluded an extended economic and commercial cooperation agreement with the Community which was replaced in 1994 by a “third-generation” agreement relating to partnership and development. These agreements were gradually extended to cover a whole range of fields of cooperation.

Relations with many of the ALA countries and groups of countries have tended to be along the same lines as those with India, although the three types of increasingly extensive agreement have not necessarily succeeded one another in every case.

All the “third-generation” agreements include provisions on political dialogue and the promotion of human rights, democratic principles and the rule of law, highlighting the Community's shift towards a more political dimension.

That remark means we have already stepped over the Maastricht threshold.

2.4 The Lomé II (1980), Lomé III (1985) and Lomé IV (1990) Conventions

Having looked in some detail at Lomé I, we can take a shorter tour of the subsequent five-year Conventions – Lomé II (1980-85) and Lomé III (1985-1990) – and

the ten-year Lomé IV Convention (1990-2000). Although Lomé IV was concluded for ten years, its initial financial appropriation was for five years. 1995 was set as a deadline for a mid-term review of the Convention.

The evolving nature of the Lomé process should firstly be stressed. Each negotiating round took account of new developments in the European Community – successive enlargements, for instance – among the ACP States – more liberal political regimes, the concern for better management of resources, for instance – and on the international scene – debt reduction efforts, for instance. Each negotiating round was preceded, on both sides, by an evaluation of performance in the preceding period so that lessons could be drawn and the changes that needed to be made to the following convention decided. On the basis of actual events and the texts themselves, none of the successive conventions can be seen as a break with the past, even though politicians might sometimes be tempted to say so.

A relatively technical agreement at the outset, Lomé gradually acquired a more political dimension. Whereas there was nothing about human rights in Lomé I and II, Lomé III included human rights with wording that reflected the very sensitive nature of the subject, and Lomé IV contained a considered and firm clause. This example shows both the progressive nature and the pioneering role of the Lomé process – these were the first agreements concluded by the Community which contained a human rights clause.

This shift towards a more political dimension focused initially, however, on issues which had a direct link with development. If human rights were a concern, it was because “cooperation shall be directed towards development centred on man, the main protagonist and beneficiary of development” (Lomé IV). Up to the early 1990s, however, Lomé policy was intended to be “politically neutral”. A point that is made in all the commentaries of the time. What that meant was that we were not expecting consultation with our partners about our respective external policies or any alignment of our ideological, political or economic choices. We fully respected our partners’ choices in all their diversity. Had it been otherwise, Ethiopia, Angola and Mozambique, allied at that time with the socialist bloc, would not have been admitted to the Lomé club. The world was nevertheless changing.

The style of our relations has also changed over time: benevolent paternalism was followed by a rather freer approach (It's your money!) which gave way in turn to a more demanding approach. The turning point came when Lomé III was being negotiated. At the initiative of Commissioner Edgard Pisani, we proposed holding serious dialogue with our partners on the uses to which financial resources were to be put before these resources were committed. Starting from the observation that official development aid in general and the project approach in particular were not very effective, Lomé III introduced a major innovation: policy dialogue. In concrete terms, this dialogue triggered a shift away from the financing of one-off projects – the construction of a road, for instance – towards institutional and financial support for sector-based policies – for instance a transport policy integrating all modes of transport, responsibility for maintaining the investment made, passenger charters, etc. Dialogue was intended to pave the way for mutual commitments that could be included in the five-year indicative programmes. If financial support was to be forthcoming from the Commission, the partner country had to respect its commitments. Seen by some as a new form of conditionality – a notion that we did not accept – this mutual commitment approach became the expression of a genuine partnership.

The volume of funds continued to increase from one EDF to the next: Lomé I: ECU 3 billion; Lomé II: 4.5; Lomé III: 7.4; Lomé IV/1: 10.8. The amounts that the EIB added from its own resources reached 1.2 billion. The growth of the amount of aid was paralleled by the diversification of the instruments used: alongside conventional aid for specific projects, there was also aid for sector-based programmes, balance of payment aid, targeted budget support and, increasingly, general budget support.

The protagonists and the beneficiaries of cooperation also became more diverse. In particular, non-State actors from civil society (especially NGOs) and the private sector started to play a growing role.

One of the main features of the trade system continued to be the opening up of the European market on a non-reciprocal basis. Industrial products enjoyed free access. There were preferential schemes for agricultural products which had to take account of the market organisations of the Common Agricultural Policy (CAP);

however, ACP insistence always brought about a breakthrough, even for very sensitive products (Kenyan green beans for instance). The Lomé trade system would nevertheless pose increasing problems as regards GATT/WTO, bearing in mind that under the international rules unilateral preferences could not be granted to some developing countries, i.e. the ACP, and not the others. Ultimately, this inconsistency could no longer be tolerated: the EU had to obtain a first waiver during Lomé IV in order to bring itself temporarily into line. It was only under Cotonou (from 2000) that attempts were made to find a permanent solution.

2.5 Interim picture before Maastricht

During the twenty odd years that had elapsed since the signature of the first Lomé Convention, the Community had gradually devised a worldwide development policy and had in practice extended and diversified development instruments and forged a very dense network of contractual cooperation networks. While the heritage of the past was obviously still influencing the geographical focus of this policy – Africa and the Mediterranean – the extent to which it had been opened up to other continents is evident from a number of measurable elements, such as the breakdown of development aid. Bearing in mind the wide-ranging geopolitical centres of interest of the Member States, the successive enlargements of the EC gave the Community as a whole an impetus to extend the geographical coverage of its cooperation relations and to diversify them.

On the eve of Maastricht, with some ECU 4.5 billion per year (leaving aside aid to the East), the volume of development aid available to the Community represented more than 15% of the overall aid that the Member States were providing in bilateral and multilateral form.

As we explained when describing the development of Lomé, the instruments were adapted and refined in the light of the experience and knowledge of development acquired. While Community aid was limited at the outset to financing economic and social infrastructure projects, it was now supporting sector-based programmes and macroeconomic reforms via budget support.

The Community had geared the food aid instrument to the specific needs arising from humanitarian crises and, less frequently, structural deficits. In the latter case, it took great care to ensure that local production efforts were not discouraged. At the international level, it had become one of the leading donors of aid to disaster victims.

Fruitful cooperation had also been forged with non-State actors. A programme of co-financing of projects with NGOs, with an initial appropriation of 2 million units of account, had been set in motion in 1976. On the eve of Maastricht, the annual budget volume was around ECU 200 million. This development reflected a growing awareness on the part of the Commission: it had realised that NGOs could play a valuable part in carrying out grass-roots projects which were not really suited to action by the major public aid agencies. NGOs also proved very useful in raising the awareness of and shaping European public opinion. Recognising that the experience of public and non-State actors complemented one another, the Commission had launched, over and above actual cooperation, dialogue with the NGOs on development policy issues such as food aid, food security and humanitarian aid.

Trade policy instruments had also been refined and brought into line with development policy criteria, to the extent that global liberalisation still offered margins of manoeuvre. The generalised system of preferences had been overhauled to ensure that it could be more readily applied (quotas and ceilings were replaced by tariff reductions modulated according to the sensitivity of products), to make partner countries more competitive (fully competitive countries no longer benefited from the system) and to ensure compliance with various social and environmental standards (developing countries which took positive measures in this respect were rewarded with additional preferences).

As regards development policy, the picture emerging from the Community was undoubtedly a positive one, even before the Maastricht provisions defined the specific legal framework which had up to then been lacking.

3

From Maastricht to Lisbon (1993-2007)



From Maastricht to Lisbon (1993-2007)

3.1 The Treaty of Maastricht

The Treaty on European Union (TEU) was a turning point in development policy for two reasons: Title XVII of the Treaty finally provided this policy with a specific legal basis, ensuring that it became permanent. Under what is known as the “second pillar”, moreover, a whole new dimension of EU policy came into being: the Common Foreign and Security policy (CFSP). This was obviously important for development policy as it was now necessary to ensure that development policy was consistent with and appropriately linked to this new component of external relations. A positive element was that development policy was classed among Community policies, and was not therefore covered by the intergovernmental cooperation of the CFSP.

3.1.1 Few innovations in development policy

Leaving aside legal security, there were few innovations in the new Treaty. The content of the text tended to reflect practices that had been consolidated over the years. Some of its wording even seemed to take a step backwards, such as the provision under which the policy of the Community “shall be complementary to the policies pursued by the Member States”. As if our policy had ever consisted in plugging the gaps left by the Member States! This would be remedied by Lisbon.

Positive elements included the statement of the objectives of development policy: the sustainable economic and social development of the developing countries and more particularly the most disadvantaged among them, the smooth and gradual integration of the developing countries into the world economy, and the campaign against poverty. The fact that these three objectives were simply listed without any hierarchy suggests that they are all of equal importance, while objectives and resources were mixed. It also implies in theory that they are compatible with one another, something which could prove problematic in practice. Under a further provision, development cooperation was to contribute to the general objective

of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.

The provisions on coherence and coordination deserve a special mention.

Making coherence an imperative was intended to remove development policy from its isolation and turn it into a cross-cutting task. That meant that the measures planned in other fields – agricultural policy, environmental policy and so on – had to be examined to find out whether they were compatible with development policy and, where necessary, adjusted. While this provision did not go as far as to give development policy primacy over other policies, it did make it necessary to harmonise other policies as far as possible with the goals of development policy.

The coordination mandate was the key to the Europeanisation of development cooperation. The aim was not to centralise the instruments of development policy at European Union level, but rather, through systematic coordination, to gradually make Community policy as such and those of Member States into a coherent and effective whole, while safeguarding various levels of implementation and seeking a division of labour. If progress was made in this direction it would be easier for the Community and the Member States to take a concerted position in international circles, thereby increasing their influence.

However, a treaty provision, even one as binding as the provision on coordination, does not automatically lead to a change of practice. As we will see, it took many years to translate this coordination mandate into reality.

3.1.2 No more political neutrality

The advent of the CFSP raised other new and more delicate problems. As we have seen, after the end of the cold war in the early 1990s, issues which had up to then been taboo were gradually introduced into development cooperation. These were nevertheless issues closely linked to development policy such as human rights, sound management of resources, and the fight against corruption. Even the inclusion of democratic aspects – albeit formulated in the sense of participation by peoples in decisions concerning them – can be directly attributed to development concerns.

The Community was not, moreover, attempting to enter into a dialogue with its partners on more global political issues and certainly not on security problems. Maastricht brought this period of “political neutrality” to an end.

Retrospectively, it would seem that “political neutrality” had in itself been a political choice. It had enabled the Member States to pursue their foreign policy in line with the ins and outs of the bipolar relationship between East and West and as a result to adjust, and in some cases suspend, their bilateral cooperation, while encouraging the Community to maintain dialogue and cooperation even with regimes which were politically not very acceptable. The contractual relationship between the Community and its developing country partners had often acted as a “political shock absorber” when bilateral relations between a Member State and a developing country were tense. Indirectly, that helped to keep the wheels oiled when direct bilateral dialogue had been discontinued. The Member States seemed to be comfortable with a situation which may seem somewhat schizophrenic: no bilateral exposure in contexts in which they did not really want to play a part politically, while using the “neutral” Community to keep direct dialogue going.

This approach had significant political effects. For the Community, stable and constructive relations with some sixty or so developing countries including all the independent States of sub-Saharan Africa (apart from South Africa) was obviously a major political achievement. Some countries had not, moreover, taken their decision to join Lomé lightly, considering it to be a political choice despite the political neutrality so dear to the Community. Angola is an example, as it came to a decision only after the signature in late 1984 of the Lomé III Convention and joined the Convention in 1985 after far-reaching discussions at all levels of power, the positive choice having won out. This was “Marxist” Angola’s first step towards the Western world.

Times had nevertheless changed. The Treaty of Maastricht had brought the political dimension, properly speaking, into play, making relations with the developing world more political. The Treaty now required all the European Union’s external action in the framework of its external, security, economic and development policies to be coherent.

3.1.3 Opportunities and risks for development policy

This development went some way towards making development policy less isolated and more of a political priority among the various aspects of external relations. This new status is borne out by the fact that foreign and even defence ministers have become more aware of the complementary role that development policy can play in the fields for which they are responsible. Since, in practice, development cooperation acts on the socio-economic causes of crises, it can play a valuable part in preventing such crises, whereas external and security policy is geared more towards crisis management, i.e. it comes into play when prevention has failed. The same can be said of home affairs ministers in the case of problems of illegal immigration. While it is obviously necessary to protect our borders when migratory movements are triggered, that does little more than address the symptoms, whereas development cooperation acts on the causes of migration by combating misery and poverty. Making full use of the complementary nature of the various instruments of external relations means that the EU can substantially bolster the impact of its external action.

While there is a need for complementarity and coherence, precautions also need to be taken to ensure that development cooperation does not just become an instrument serving the needs of the CFSP. In this respect, the affirmation that “security is a precondition of development” (European Security Strategy, December 2003) has immediately to be taken together with its corollary: “development is a precondition for peace and stability”. Otherwise, the resources earmarked for development could be channelled into military or quasi-military operations to maintain or re-establish peace; the long term would be sacrificed to the short term and prevention to crisis management. When crises break out – in Darfur for instance – the EU has to have the resources to intervene not just from a humanitarian point of view, but also in terms of military support. In this latter area, the financial resources should come from the budget appropriations of the CFSP (or the Instrument for Stability) and not from the resources of the EDF, as was the case with the EUR 250 million channelled into the first large-scale action of this type: the African Peace Facility. It is significant in this respect that this financing does not come within the definition of official development assistance accepted by the OECD's Development Assistance Committee and could not, moreover, have come from the EDF if the

latter were part of the EU budget. In practice, it was the intergovernmental nature of the EDF that made it possible to take such a route.

We should take the view, however, that appropriately organising the complementary nature of the various instruments of external relations – rather than confusing them – is the key to giving the EU's external action more of an impact.

3.2 From Lomé to Cotonou

The post-Maastricht period marked the end of the Lomé Conventions and the beginning of the Cotonou Agreement (2000).

It should be borne in mind that Lomé IV had been concluded for a period of ten years (1990-2000) and that we ended our earlier review half way through. The convention was therefore revised in 1995 and a new financial protocol was drawn up. EUR 12.8 million were channelled into the EDF, which was the eighth of its kind. The revised convention was signed in Mauritius in November 1995. What is striking in the revised passages is the new political tone, an evident result of the Treaty of Maastricht. Political dialogue was to be stepped up and extended. The existing wording on the enjoyment of fundamental human rights was, moreover, enhanced by explicitly referring to the recognition and application of the principles of democracy, the consolidation of the rule of law and the sound management of public affairs (“good governance”). Respect for human rights, democracy and the rule of law had for the first time been enshrined as an “essential element” of the convention. Under international law (“Vienna Convention on the Law of Treaties”, 1969), such a formula meant that if one party considered that another had failed to meet an obligation concerning one of the “essential elements” it could – if consultations to rectify the situation failed – take “appropriate measures”, in other words, sanctions which could go as far as the suspension of cooperation. Article 366(a) of the convention specified the procedure to be followed in such cases in some detail.

This sanctions scarecrow raised such concerns among the EU's partners that it almost led them to forget that that the important factor was not so much the sanction itself, as their active support for movement in the right direction:

promoting human rights, supporting greater democratisation, consolidating the rule of law and supporting good governance.

In practice, little use was made of the sanctions procedure: the mere fact that it existed undoubtedly had a certain deterrent effect. Initially (around 1990), and therefore even before these new provisions existed, there was swifter recourse to the suspension of cooperation for serious breaches of human rights or sudden discontinuation of a process of democratisation. It quickly became evident, however, that such sanctions had a limited or even perverse effect: dialogue was interrupted with the result that no influence could be brought to bear to improve the situation. Sanctions had little or no effect on the protagonists involved, unless they were targeted sanctions. Suspending external aid penalised the more vulnerable strata of society in particular. Thereafter, approaches were developed to continue to help the population while circumventing the government. Sanctions had, however, genuinely become measures of last resort. As we will see, Cotonou introduced further safeguards.

As 2000 approached, some Cassandras were predicting the end of the privileged relations enshrined in the Lomé policy and spreading a wind of panic among some people. Many of us felt that such a prediction was dangerous, however lightly it was made. Everyone was aware that the Lomé policy had to be seriously overhauled to take account of the changes that had taken place in the international context both within the EU and among our ACP partners. However, should a tried and tested policy be abandoned before another and better – and feasible – policy had been drawn up?

Fortunately, the Commission kept its head. In 1996, it issued a “Green Paper” launching a wide-ranging debate whose outcome was to provide a basis for the Commission’s subsequent proposals.

The road to Cotonou was open.

3.3 *Why Cotonou? The innovations*

If the President of Togo, the unshakeable Gnassingbé Eyadema, had understood the signs of the times, if he had started to open up his country to pluralism and free political debate, there would probably have been a Lomé V. Eyadema's stubbornness meant that this was out of the question. A new place for signature therefore needed to be found. All the plans had been made for Suva (in the Fiji Islands). However, an unexpected change in the local political situation forced the ACP States to choose another country. Benin said that it was willing to host the signing ceremony in Cotonou on 23 June 2000.

Attempts have been made to attach considerable symbolic value to this change from "Lomé" to "Cotonou", to the new "ACP-EU Partnership Agreement". The choice of Cotonou was nevertheless somewhat accidental: Benin had taken up the challenge of organising this major event in just under two weeks. As a bastion of democracy, Benin was only half convincing: after a democratic revival which had not really come to a conclusion, the former autocrat, Mathieu Kérékou, had been democratically returned to power.

Cotonou nevertheless represented a very significant change, not in terms of a break with the past, but in terms of continuity and ongoing development. It enshrined a transition from cooperation geared chiefly to the economic and social aspects of development to a more global partnership integrating all the many facets of the political dimension.

The statement of the objectives of cooperation extended them; over and above the objectives of economic, cultural and social development, the aim was now "to contribute to peace and security and to promote a stable and democratic political environment" (Article 1). A whole Title of the Agreement was devoted to the political dimension. Political dialogue would from now on cover all issues of common interest whether or not they were linked to development cooperation. In 2005, when the Cotonou Agreement was being revised, provisions were even added on cooperation to combat terrorism and the proliferation of weapons of mass destruction.

Political dialogue was also given the task of preventing situations in which breaches of essential elements – human rights, democratic principles, rule of law – could be invoked. The intention was clearly to avoid, as far as possible, the application of the non-performance clause, i.e. the formal consultation procedure which could lead to sanctions.

Again in the political field, Cotonou added good governance to the essential elements – while qualifying it as a “fundamental element” (to limit the risks of sanctions). Defined as transparent and accountable management of all of a country's development resources, this concept has been extended in subsequent documents to such a point that it often encompasses all the essential elements and has thus moved away from its specific scope of application, i.e. assistance with sound management of resources and cooperation in the fight against wastage and corruption.

The imperative of sound management of resources also needs to be linked to the innovation introduced by the new criteria for allocating financial resources: the conventional criterion of a country's needs was supplemented by the criterion of its performance. Applying this latter criterion has not proved easy. Does this mean performance in terms of the quantitative or qualitative use of resources? Does it mean performance in terms of general policy or economic and social development policy? It would have been possible to take the quality of governance as a basis had that concept not been diluted. What is important, however, is the principle that those who manage – or at least those who seriously try to manage – their resources in a responsible and “developmental” way receive more aid than those who waste them.

The performance criterion, linked to a badly defined concept of governance, nevertheless introduced, in the eyes of the ACP countries, an element of uncertainty into the predictability of aid. They had the feeling that at the very time at which the EU was trumpeting the principles of “ownership” and alignment to their policies, the Commission could, in contrast, be tempted to set itself up as the judge of performance and good governance and in so doing weaken the principle of joint management of aid which had been acquired at some cost during the preceding negotiations. The fact that an amount of EUR 3 billion had been singled out in the financial

package of the 10th EDF as an “incentive to good governance” obviously reinforced this impression. On top of this, there was the problem of budget support: although this was a kind of aid that was more “modern” than conventional project-based aid, it necessarily involved more of an intrusion by the Commission into the management of all the public finances of the partner country and could be seen as running counter to the principle that countries themselves are primarily responsible for their own development.

It will take a great deal of diplomacy on the part of the EU, and the Commission in particular, to convince the ACP States that these new policy directions could be implemented without the quality of the partnership being affected.

One novelty of the 9th EDF was that the funds left over from previous EDFs were added to the new allocation of EUR 13.5 million, bringing the total resources to some EUR 22.5 million, the overall amount covering the period from 2000 to 2007 (eight years). In the case of the 10th EDF, its duration was brought into line with the budget period, i.e. from 2008 to 2013 (six years), with a total amount of some EUR 22.6 billion.

The battle for “budgetisation”, i.e. the integration of the EDF into the EU’s budget, when it had been managed since 1958 as a fund separate from the budget, was again lost. Budgetisation, for which the Commission and the European Parliament had been calling since Lomé I, came up every time against insuperable political and financial obstacles in the Council of Ministers. On this occasion, it failed because budgetisation would have blown the sacrosanct ceiling of 1% of GNP which had been set for the financing of the budget. The EDF thus continues to be financed by contributions from the Member States. It has retained its intergovernmental nature and is subject each time to ratification by all the Member States (and two thirds of the ACP States), something which may well entail growing delays in view of the number of Member States. The EIB continues to grant loans from its own resources, up to a maximum of EUR 2 billion for the period 2008-2013.

Cotonou also gives the non-State actors more of a role by involving these forces more in the debate on policy guidelines and giving them more of a role to play as

vectors or beneficiaries of external aid. In practice, there was much greater awareness of the role that local civil society, in particular NGOs, could play in consolidating the democratic process and promoting good governance. As insider voices, they were from the outset more credible than external admonishments and also made up, to some extent at least, for the shortcomings of parliamentary structures which were not very effective in the early stages of democratic development.

The increase in the number of ACP States signatory to the Cotonou Agreement should also be noted: from 46 at the time of Lomé I, there are now 78, including 48 African, 15 Caribbean and 15 Pacific States.

3.4 Changing trade arrangements

The changes that Cotonou made to the previous trade arrangements have to be seen in a wider context.

The waves of liberalisation brought about by successive GATT/WTO rounds, most recently the Doha Round, are one of the main features of this context. Launched in 2001, the Doha Round was scheduled for completion in 2005. In late 2007, there were questions about its chances of success.

These negotiating rounds have led to significant reductions in tariff protection in general. Lowering protection levels in respect of all trading partners (“*erga omnes*”) has had the result that the margins for preferential treatment have been greatly reduced. Preferences are being eroded.

However, those preferences that are still mathematically possible continue to be attractive to the developing countries. The Community has used this formula since GATT authorised preferential treatment for the developing countries. Since 1971 it has been implementing its Generalised System of Preferences (GSP). Overhauled on a number of occasions, three versions of the EU's GSP are currently being applied: the standard GSP, the GSP+ (for developing countries complying with social and environmental standards) and the “Everything-but-Arms” (EBA) system which has been open since 2001 to the least-developed countries (LDCs). In practice, the

preferences granted under EBA are as favourable as those granted under the Lomé system, and up to the end of 2007, the Cotonou system.

The GSP, in its various versions, continues to be a system of non-reciprocal concessions; it is not contractual in nature (autonomous scheme) and can therefore be unilaterally modified by the EU. Modifications nevertheless have to meet criteria of transparency and non-discriminatory treatment in respect of developing countries in similar circumstances. It is therefore admissible, for instance, for all LDCs to be treated more favourably than other developing countries, but not just some LDCs.

In contrast to these autonomous systems, the trade arrangements of Lomé/Cotonou and the Mediterranean agreements are contractual. It will be remembered that the introduction under Lomé I of trade arrangements giving non-reciprocal free access to the European market was welcomed as exemplary progress. Similar systems – although more restrictive as regards agricultural products – have been applied to the countries of the eastern and southern shores of the Mediterranean. As they treat ACP and Mediterranean partners more favourably than the other developing countries, there were growing challenges as regards their compliance with the GATT/WTO rules. A formal waiver had to be obtained for Lomé IV. A new waiver was obtained for the Cotonou system, but expires on 31 December 2007.

The EU, in order to avoid ongoing pressures and negotiations to keep systems which, without waivers, would be deemed illegal, now wants to put its house in order. Under the current WTO rules, it can choose only between the GSP, which can be modulated but only in a non-discriminatory way, and the establishment of free trade areas or customs unions with individual countries or groups of countries, as such formulae are explicitly admitted by the WTO.

In these circumstances, the EU has increasingly opted for the “free trade area” formula which obviously entails reciprocal concessions and has to lead to the liberalisation of “substantially all trade”.

This movement towards free trade areas (FTAs) started in the mid-1990s. From 1995, the Community concluded new association agreements with the countries of the south and east of the Mediterranean. In these agreements, previous trade arrange-

ments were replaced by an asymmetric FTA system favouring the developing country partners from the point of view of both product coverage and the phasing of tariff reductions. These FTAs have been concluded between the Community and each of the Mediterranean countries, although the aim is to merge them into a single vast Euro-Mediterranean FTA in 2010. The country which has most experience in implementing the FTA is Tunisia. On this occasion, it is therefore the Mediterranean – and not Lomé – which has played a pioneering role.

It was in this framework that a trade and development cooperation agreement (TDCA) was subsequently concluded in 1999 with South Africa, establishing similar trade arrangements. This was followed by agreements with Mexico and Chile. The negotiations under way with Mercosur, India, South Korea and ASEAN are also intended to lead to FTAs. Other candidates could be the Andean Group and Central America.

The ACP Group has not been left out of these developments either. The Cotonou Agreement introduced the notion of Economic Partnership Agreements (EPAs). These agreements are supposed to be genuine instruments of development including, over and above the establishment of asymmetric FTAs, a whole series of accompanying measures in the areas of aid – trade assistance, aid for trade-related infrastructure, adjustment aid – private investment, support for sub-regional organisation, etc. It was planned from the outset to conclude these EPAs with ACP regions. The countries fell fairly naturally into six regions: West Africa, Central Africa, Southern Africa, East Africa/Horn of Africa, Caribbean and Pacific. The first phase involved structuring these regions as regional markets so that their economies, as a result of the dynamism that this would engender, would become more competitive paving the way for subsequent and very gradual opening up to competition with European exports.

Unfortunately, the complexity of this process was underestimated, especially the practical problems raised by regional organisation – which nevertheless had to be a preliminary to the implementation of FTAs with Europe. The cut-off date of 31 December 2007, when the waiver obtained in 2001 expired, was therefore reached without the negotiations with the regional organisations having got anywhere, with the exception of the Caribbean.

The very notion of the EPAs raised a great deal of controversy as the negotiations progressed. One undeniably positive aspect is that this approach tends to force the ACP States to take cooperation within the six sub-regions seriously; there has been talk for decades about regional cooperation and integration without any actual progress being made, with a few rare exceptions. Another positive aspect is that the notion of the EPAs contractually consolidates free access to the European market.

The fact that EPAs include accompanying measures, especially financial aid and private investment, is a cause for hope and is also to be entered on the assets sides of the balance sheet. What is problematic, however, is the opening up of the ACP markets to European exports, i.e. reciprocity.

Two things can be said here: under the existing WTO rules, reciprocity is essential if a request for a waiver – whose award is not certain – is to be avoided. However, it is highly questionable that opening up the markets of the structurally weaker partners in an FTA would be beneficial for their development.

Historically, there is no case in which a country at an early stage of economic development developed by opening up its market to international competition. Development has always taken place via a degree of protection which can gradually be reduced once the economy is strong enough to cope with competition from outside. Such a process takes many years, however, and is exacerbated, in the case of the ACP, by the precondition that regional structures have to be established and fully operational.

Everything is a question of time and of measure. Clearly, the time scheduled for the establishment of the EPAs was too short: work therefore needs to be continued. Although this may run the risk of prolonging the negotiations, the regional approach absolutely has to be pursued and any return to a country approach avoided. Reciprocity needs to be handled in a very flexible way without sticking rigidly to any preset liberalisation percentages: if the EU's partners retain considerable autonomy to protect their agriculture, their stockbreeding and their fledgling industries, they could be asked to accept reciprocity for everything else rather than fighting reciprocity in principle. Lastly, the very notion of the EPA means that it

cannot be limited solely to trade arrangements. Accompanying measures are just as important. If we ask why Lomé's unilateral preferences did not generate the expected results, the answer is undoubtedly not the lack of reciprocity, but the simple fact that trade preferences on their own are not enough to develop ACP exports. Efforts need in particular to be made to resolve structural production and marketing problems, including infrastructure problems, i.e. everything that comes under the heading of "supply constraints".

In other words, better synergy needs to be found between trade policy and development aid and investment.

For good or for bad, and unless there is some kind of multilateral miracle, the future seems to lie in free trade areas, provided that they can be developed pragmatically in line with the needs and capacities of the partners involved.

3.5 Mediterranean and Neighbourhood Policy

Alongside Lomé, cooperation relations with the Mediterranean countries are among the European Community's oldest relations. There have been several generations of agreements since 1976, most recently since 1995.

They have evolved in more or less the same way as in the Lomé/Cotonou process: stepping up the political dimension by introducing clauses on human rights, democratisation and the rule of law and extending political dialogue to all issues of common interest or of interest to one of the parties, such as cooperation as regards the war against terrorism or the control of migratory flows. Bearing in mind the mutual interests in play, on the European side there seems, however, to be a degree of reluctance candidly to tackle politically sensitive issues, especially as some regimes fairly skilfully exploit the confusion between limitations of human rights and the war against terrorism.

As regards trade, Mediterranean policy is part and parcel of the "free trade area" trend, as we have seen. Over 50% of trade – over 70% in the case of some countries – in the region is with the EU. The critical point continues to be the lack of trade between the southern and eastern Mediterranean partners themselves. Some

hopes were raised by the Agadir Agreement of 2004 which made provision for free trade between four countries: Morocco, Tunisia, Egypt and Jordan. The road towards achieving the objective of a vast Euro-Mediterranean FTA by 2010 is still a long and difficult one. Only a few optimists still think that it can be achieved.

Financial and technical cooperation is particularly geared towards backing up political, economic and social reforms in the nine partner countries (Algeria, Palestinian Authority, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia). The aim is in particular to help these countries to cope with European competition when the time comes by bringing their enterprises to the right level. In the past, over EUR 3 billion was granted from the EU budget for each of the five-year periods of financial and technical cooperation with the Mediterranean countries – MEDA I and II – supplemented by EIB financing of over EUR 1 billion each year. It may well be that in future these countries receive some two billion in gifts and loans from the EU each year, without counting aid from the Member States.

It is to be regretted that, for political reasons that have to be attributed solely to the EU's partner countries, it has been necessary to conclude agreements with each of the countries individually. In order to go some way towards creating a multilateral framework around this network of bilateral relations and, in particular, to promote South-South links, the Barcelona Process was launched in 1995 with the political goal of turning the Mediterranean basin into a common area of peace, stability and prosperity. Many meetings have taken place in the framework of this process, tackling, at the political and technical levels, issues as sensitive as security and terrorism, as delicate as migration and environmental problems in the Mediterranean, as economically vital as energy supplies and fisheries, and as existential as understanding between and cohabitation of different cultures and religions. It is to be hoped that the results will match the energy channelled into this process and will not become bogged down as the Euro-Arab Dialogue of the 1970s and 1980s did in its time.

However, without waiting for the Barcelona Process to bear fruit or rather to breathe new life into it, in 2003 the EU announced the European Neighbourhood Policy (ENP) which is grafted onto Barcelona. Its aim was, in view of the 2004 enlargement, to stabilise both the new neighbours to the east and the old neigh-

bours to the south. Whether it was a good idea to include countries as different as Ukraine and Morocco, or Armenia and Egypt, in the same policy is questionable and there is no doubt that the eastern and southern strands of the ENP have to be perceived very differently.

As our theme is development policy, we have tended to leave the eastern strand rather to one side since the countries involved are in transition. Nor will we look at the candidates for accession to the EU (Turkey and the Western Balkans) even though they are ODA eligible. That brings us back to the southern strand of the ENP.

The European protagonists of ENP found it rather difficult to explain to their Maghreb and Mashreq counterparts the added value of the ENP over and above the association agreements and the Barcelona Process, especially as their thematic coverage was already very wide-ranging. That led them to stress the complementary nature of Barcelona and the ENP. The overall aim is to bolster Euro-Mediterranean relations; the quality of political dialogue is to be improved and new issues are to be included. From the economic point of view, the aim is to seek more advanced integration of neighbouring economies in the new European area extended by the 2004 and 2007 accessions. A special financial instrument to support the ENP has been introduced into the budget perspective for 2007 to 2013; it replaces the old MEDA instrument in the southern area.

The partner countries have been invited to negotiate ENP action plans with the EU. The reluctance that some countries have shown in this respect would seem to bear out their lack of conviction that this new policy will add value to the existing association agreements and the Barcelona Process. They even fear that the ENP, by attaching too much weight to politics, may well relegate development objectives to the back burner.

It may also be asked whether a bilateral action plan, by taking a different approach to each of the countries, runs counter to the attempt at a multilateral framework pursued by Barcelona.

The recent initiative by the French President, Nicolas Sarkozy, to launch a Mediterranean Union between the States to the north and south of the Mediterranean is unlikely to rationalise an architecture which is already complicated enough. This plan could well mean, moreover, that the countries of the north of the EU become less interested in a policy to which the whole of the EU should be committed. It would therefore be better to integrate this initiative into the Barcelona process, in order to breathe new life into that Process, rather than to juxtapose the two.

3.6 Towards a pan-African approach?

In the past, the EU has taken two approaches to the African continent: the Lomé/Cotonou policy which covered, following the independence of countries and the abolition of apartheid, the whole of sub-Saharan Africa, with special, albeit integrated, status for South Africa. North Africa came under Mediterranean policy, from the Barcelona Process to the Neighbourhood Policy. Neither approach was limited, however, to the African continent: Lomé/Cotonou also covers the Caribbean and the Pacific. The Mediterranean policy encompasses the Middle East.

Since the creation of the African Union in 2002 (from the old OAU), the European Union has increasingly been pressed to deal with Africa as a whole. The African Union – which has to a large extent adopted the same institutional structures as the EU, at least in terms of their names, for instance the AU Commission – sees itself as the counterpart and therefore the partner of the EU. Europe has played its part in this political game, organising joint meetings of the EU Commission and the AU Commission and adopting, at the Africa-EU Summit of December 2007, a Joint EU-Africa Strategy.

These closer ties between continents make it necessary for us to answer two questions: does the AU reflect the political reality of Africa in terms of power structures? Is the EU policy of dealing separately with the north and the sub-Saharan parts of Africa an obstacle to pan-African continental integration?

As regards the first question, the efforts that Africa is making to set up pan-African institutions obviously have to be welcomed. Europe should give its full support to

this movement and ensure that Africa benefits from its own experience. At the same time, however, it should recognise that the political reality of today's Africa is very different from that of Europe where ongoing efforts have been made for more than 50 years to achieve economic and political integration. The young African States, which have yet to complete their nation-building, or are on the brink of doing so, are keen to keep hold of their sovereignty. They are willing – to some extent – to share some of this sovereignty with regional organisations (WAEMU, ECOWAS, CEMAC, SADC, SACU, COMESA, etc.), but they do not really want to transfer real powers to pan-African institutions. If, therefore, the AU has to be the focus of attention, political realism makes it necessary not to neglect those levels at which real power is located in Africa in the short and the medium term, i.e. the national and, to a lesser extent, the regional level.

This would seem to be reflected in EU policy: it has structured and enhanced dialogue with the AU and is providing it with real support in fields in which the AU has a mandate from the African States (peace and security in particular). It is channelling a great deal of energy into supporting regional cooperation and integration. The EPA approach is valuable for precisely that reason. The same can be said of its efforts to promote cooperation between the countries of the southern Mediterranean. Nevertheless, it is obviously pursuing its cooperation programmes with the African countries individually.

To the extent that the EU manages to ensure the coherence of the various strands of its African policy – especially between the Mediterranean and sub-Saharan strands – this policy, far from being an obstacle to pan-African integration, is likely to consolidate the building blocks of continental integration.

It is not therefore by dismantling the Mediterranean and Cotonou policies in order to replace them with a single policy for the African continent that Europe will remove the obstacles along the road towards pan-Africanism. In practice, these obstacles are largely to be found in Africa itself, in its geography and history – the Maghreb countries look more to the north than the south – and in the concern of the African States not to share part of their sovereignty with supranational structures at too early a stage.

It does not therefore seem necessary to change the “geography” of Cotonou – whose centre of gravity is in any case Africa – or that of the Mediterranean policy of which North Africa is a vital and readily identifiable part.

3.7 New interest in Africa

The EU has also clearly shown that, despite approaches to Africa which may seem piecemeal, it is more than capable of drawing up an overall strategy as regards its neighbouring continent. In December 2005, it approved, at European Council level, a “European Union Strategy for Africa”. There was then a political will on both the European and African sides to transform this European strategy into a joint Europe-Africa strategy. This was an ambitious and politically delicate enterprise: are there enough common interests and values? Do both sides have competent and duly mandated negotiators? The fact that the EU-Africa Summit was able to adopt an “Africa-EU Strategic Partnership” in Lisbon in December 2007 has to be seen as the success of this difficult enterprise and as a historical stepping stone in Euro-African relations.

This strategic document reflects the very wide-ranging and highly political approach which now characterises these relations. Among the priorities set out in this common vision, the themes of peace, security and governance seem to be gaining the upper hand over development issues. This is also true of the titles of the eight “partnerships” making up the “First Action Plan (2008-2010)”, where those political themes are to be found alongside energy, climate change, migration, and even science and space, while the priority themes of development policy such as health, education and food security have been compressed, albeit in a fairly detailed way, into only one of the eight partnerships. i.e. the “Millennium Development Goals”.

These are bulky, detailed and comprehensive documents covering almost all the initiatives that it would ideally be useful to take to promote Euro-African relations and in particular Africa's development. It would surely have been better to focus, at least as regards the Action Plan, on a few well-targeted priorities offering realistic prospects of achieving actual results at the end of three years?

Whatever the case, steps will have to be taken when implementing the strategy – which will be closely monitored, in particular at future EU-Africa summits which are to be held every three years – to make sure that development and the fight against poverty keep, among all the political themes, the place that they deserve as foundations for the well-being of populations, political stability and social peace, and prevention of violent conflicts and as a brake on mass emigration, etc. It is poverty and a lack of prospects that are very largely at the root of the problems that Africa, and in its turn Europe, have to address.

The new interest in Africa has not come about by chance. Europe has always played its part in this continent; initially for historical reasons, then later, like the rest of the international community, because Africa had become a continent facing problems. More recently and somewhat suddenly, Africa has been facing a genuine stampede. All sorts of calls are being made on Africa because of its oil and mineral wealth and, secondarily, because it represents a market with a population which is continuing to grow apace. To explain this phenomenon, several factors have to be taken together, in particular the hunger for raw materials of the emerging countries, especially China with its exponential growth. Bearing in mind the insecurity which reigns in the Middle East, the US is also trying to shore up its supplies by making increasing use of African resources. If Europe is not careful, it may well be marginalised in a region in which it would normally take the reins of leadership among the external partners.

The many calls on Africa also entail substantial risks for its development: if Africa is being courted it may be tempted to take the easy road, to slow down painful but essential political and economic reforms, to get itself into debt and to put off to tomorrow anything which is a problem today. We have seen the kind of perverse development to which the “oil curse” has led in some countries. We have also seen that, through responsible management of their few resources, some countries of the Sahel have emerged better off than countries overflowing with oil and mineral riches.

It was therefore quite right that the negotiators of the Cotonou Agreement included good governance as a “fundamental element”, defining it as the transparent and accountable management of all the resources of a country with a view

to its equitable and sustainable development. It is becoming increasingly difficult to insist on an element as essential for development as good governance, when other partners such as China are offering financial support and bringing in investment with no such considerations.

It is obviously in Africa's interest to diversify its outside partners and to accept the official aid and investment that it is offered. Moreover, competition among candidates for cooperation can only be healthy. That cannot lead, however, to bad choices of priorities, to the financing of grandiose projects when the basic needs of the population are not being met, to over-indebtedness and to wastage, in short to bad governance.

In these circumstances, the choices that the EU has to make are not easy. The goals of its foreign policy include "safeguarding its fundamental values and interests". There can be no doubt that Europe has interests in Africa. It should not, however, sacrifice to such interests the values whose defence makes its external action politically and morally credible.

Rather than diluting its requirements of good governance, the EU should seek dialogue with Africa's other partners, especially with the emerging countries, in order to agree a more consistent and harmonious approach to African problems.

So that this new interest in Africa really serves its economic and social development and combats poverty rather than generating additional income for a few corrupt elites!

3.8 A look to the other continents: Asia and Latin America

As we have seen, in accordance with the mandate given by the European Summit in 1972 and in the wake of the Lomé Convention (1975), cooperation with other developing regions flourished, first with the Mediterranean and then with Asia and Latin America.

As trade relations with Asia and Latin America were governed, until quite recently, by the GSP, the focus tended to be on other forms of cooperation and in particular

financial and technical cooperation. This kind of cooperation was given tangible form in a first budget entry in 1976 which still bore the heading “non-associated developing countries” – it was only in 1985 that this was finally changed to “developing countries of Asia and Latin America” (ALA). From 1988, there were separate budget appropriations for “Latin America” and “Asia”. If all forms of aid are added together, including emergency aid in the case of natural disasters (relatively common in these regions), the Community itself channels some EUR 500 million per year into Latin America and close on EUR 1 billion into Asia. That amount is supplemented by EIB loans. As these are continents in which the so-called “emerging” countries predominate, official aid normally plays a more limited role than economic and trade cooperation and private investment. Moreover, in contrast to the volume of aid channelled into Africa, it is only in exceptional cases that Community aid to Asia and Latin America achieves the “critical mass” needed to enable the Commission to play the role of lead donor or to lead the coordination of aid between the Community and the Member States.

3.8.1 Latin America

Relations with Latin America have intensified over the years from both a political and an economic point of view. Although the EU sees Latin America primarily as an economic and trading partner, the political dimension of the partnership has not been neglected. Latin America has an interest in the large European market, and also appreciates the fact that its relations with Europe counterbalance the might of its major neighbour to the north.

The political side of this region to region relationship, matured during the joint efforts to put an end to the civil wars in Central America and consolidated by Europe's contribution to the implementation of peace agreements, is principally expressed through the EU-Latin America summits which are held every two years, from Rio in 1999 to Vienna in 2006, the next meeting being scheduled for Lima in 2008. The Caribbean countries, although signatories to the Cotonou Agreement, take part in these events. Summit meetings are supplemented by periodic ministerial meetings which deepen political dialogue between the EU and what is known as the Rio Group, the Latin American forum for such political consultation.

As the summits of Heads of State and Government and the ministerial meetings largely have a political and symbolic value, practical cooperation – economic, trade, financial, technological, scientific, cultural, etc. – necessarily has to be located in more manageable geographical frameworks. In this respect, the EU considers, as in other regions, that its particular vocation is to organise cooperation preferably with sub-regional organisations. While the oldest agreements were concluded with individual countries (Uruguay in 1973, Mexico in 1975, Brazil in 1980, etc.), the EU began to focus, as cooperation became more substantial, on regional groupings: the Andean Pact in 1983 and Central America in 1985. These framework agreements were renewed in 1993.

In 2003, political dialogue and cooperation agreements were signed with the two groups of countries, replacing the 1993 agreements. As in relations with Africa, political themes – from conflict prevention to the war on terrorism, via good governance and the control of migration – are occupying an increasingly important place. These are supplemented by the fight against drugs trafficking which is a particular problem in the region.

New negotiations were launched in 2007, this time with a view to achieving actual bi-regional association agreements (as you can see, the term “association”, banned by the English-speaking partners of the Lomé Convention, has regained its letters of nobility!). While one of the aims of these agreements is to facilitate bi-regional trade, questions still remain as to whether the aim is to establish free trade areas.

As Mexico is not part of cooperation with Central America and Chile has left the Andean Community, individual association agreements have been concluded with these countries, in 1997 with Mexico and in 2002 with Chile. From the point of view of the new direction of trade policy, these are the first agreements in Latin America to include free trade areas with the EU.

A framework cooperation agreement was signed with Mercosur (Brazil, Argentina, Uruguay, Paraguay, recently joined by Venezuela) in 1995. It was intended to be a transitional solution along the road towards an EU-Mercosur Association Agreement. Following extremely detailed preparatory work, negotiations began in 1999. They proved to be very difficult and taxing. The weak regional integration of

this group, differing interests among its members, and the somewhat unrealistic goal of creating a real free trade area seem to have stymied any real progress. In practice, the agricultural potential of Brazil and Argentina could in particular pose real problems for European agriculture were they to be granted unrestricted market access. Moreover, Mercosur is pushing for concessions in the area of CAP agricultural subsidy reductions, at a time when this is being negotiated in the multilateral framework of the WTO. On the other hand, it is apparently impossible to meet the EU's expectations concerning the economic opening up of Mercosur to its exports and investment. The fact that the large emerging economies offer new outlets for their exports may well mean that Mercosur's member countries have become less interested in the European market, making them less inclined to offer concessions.

Financial and technical cooperation has to be differentiated depending on the level of development and the specific needs of the various countries and regions. Financial aid is concentrated on poorer countries such as the Central American countries and Bolivia, and is limited to various well-targeted measures (in the area of human rights and governance for instance) in countries such as Mexico and Chile.

Bearing in mind glaring inequalities in the distribution of wealth (some 45% of the population of Latin America is estimated to live below the poverty line), the first priority of financial cooperation is to promote social cohesion: fighting poverty, inequality and social exclusion. The second priority is to support sub-regional integration and cooperation in Mercosur, the Andean Community and Central America. Through this kind of concentration, the EU is keen to stop financial resources from being frittered away through too many small-scale operations. However, alongside these two main priorities, themes such as improved governance, protection of human rights, and protection of forests and biodiversity, are also on the agenda of cooperation with the EU.

Starting from a moderate level thirty odd years ago, cooperation with Latin America swiftly gained substance, Spain's accession to the EU providing a significant political impetus, and has now become a "bi-regional strategic partnership". It is now a vital strand of the worldwide cooperation policy for which the 1972 European summit so keenly called.

3.8.2 Asia

While cooperation with Latin America can be structured around three geographical areas – Central America with Mexico, Andean America with Chile and Mercosur – cooperation with Asia has to cope with a much less clear-cut geographical and political configuration: the Indian subcontinent where the colossus of India coexists, without any real regional cooperation, with a Pakistan destabilised by its Afghan neighbour and an overpopulated Bangladesh exposed to all kinds of natural disasters; the giant of China which dominates eastern Asia, but where the “dragons” such as South Korea and Taiwan also play a fairly major economic role; ASEAN, a group of ten fairly different States including poor countries such as Laos and Cambodia alongside the wealthy Brunei. (In this overview of development policy, we shall not include the New Independent States which sprang out of the former Soviet Union, i.e. the countries of Central Asia, despite the economic interest that some of them have for the EU).

South, East and South-East Asia would seem, despite very different situations, to be an “emerging” region in the midst of an economic boom, especially since China has galvanised itself and India has opened up to international trade. Genuine regional cooperation has been forged between the ASEAN countries providing this part of Asia with a new dynamism. That should not mask the fact that two thirds of that planet's poor live in Asia alongside some of the economies with the fastest rates of growth in the world.

The EU has had to tailor its cooperation to the size, level of development and specific problems of its Asian partners, taking account, obviously, of the limited resources and instruments which it has available

While cooperation with the LDCs (Afghanistan, Bangladesh, Laos, Cambodia, Vietnam, etc.) is similar in form to cooperation with the poor countries of Africa, the priority themes of cooperation with the large emerging countries/regions – India, China, ASEAN – are increasingly in the fields of the economy, science, technology, energy, environment and, last but not least, trade, fields in which the EU and its Asian partners share mutual interests: the financial resources available would undoubtedly not be enough to have any serious impact on the problems of poverty, especially via the social sectors (health, education, etc.).

Up to now trade arrangements with Asia have always involved the autonomous GSP system with more favourable treatment for the LDCs (“EBA”). Steps towards the creation of free trade areas – starting in southern Africa and the Mediterranean and pursued in Latin America and with the ACP – have also been taken in EU-Asia relations. Negotiations in this respect have been under way with India, South Korea and ASEAN since 2007 and are intended to lead to new-generation trade agreements covering not just goods and services but investment, public contracts and non-tariff barriers as well. The question is whether this stampede towards FTAs means that any hope of a successful outcome of the multilateral negotiations has been given up.

Since 1994, relations with India have taken the form of a “third-generation” agreement enhanced by a whole range of cooperation fields. These have been included in practice in a number of programmes such as the “Economic Cross-Cultural Programme”, the “Sectoral Programme in Health and Family Welfare”, the “Asia-Invest Programme” and the “Asia-Urbs Programme”. Private sector involvement has in particular been promoted. Given the size of India’s economy and population, the resources available to finance all the activities continue to be modest at around EUR 100 million per year. The partners were nevertheless keen to underpin the political side of their relationship by organising, from 2000, a yearly EU-India summit which culminated, in 2004, in the adoption of a “Strategic Partnership” leading, in 2005, to a “Joint Action Plan”. This opened the door to dialogue which goes well beyond the themes of development and economic and trade cooperation and covers all the political issues of concern to European and Indian leaders: Afghanistan, the crisis in the Middle East, African problems and disarmament, migration and climate change. On a more practical level, the 2007 summit hoped that the free trade agreement mentioned above could be concluded in 2008.

China has looked sympathetically on European integration from a very early stage: in the 1970s, it encouraged Europe to become a counterbalance to the “hegemony of the USSR” and the unilateral might of the USA. The 1975 visit by the Commissioner for External Affairs, Sir Christopher Soames, marks the beginning of relations between China and the European Community. A first trade agreement was signed in 1978 and was replaced in 1985 by a trade and cooperation agree-

ment. However, it was only in 2007 that negotiations on a new “partnership and cooperation agreement” were opened. In institutional terms, there are very frequent meetings and visits at both the political and technical levels. The cooling-off brought about by events in Tiananmen Square in 1989 was only really resolved in 1992; the arms embargo is nevertheless still in force. Since 1998, there have been annual EU-China summits. The nature of the Chinese political regime means that dialogue on issues which are strictly speaking political – human rights, the rule of law, good governance – has not been easy to set in motion. However, China has not refused to exchange views on these delicate issues, although it prefers to talk about economic and social human rights rather than political and civil human rights. China is more willing to enter into dialogue about major international problems than about its own domestic problems.

Although China is formally a developing country, albeit also a donor since the 1970s, the forms that cooperation with China takes are very different from the conventional relations between rich and poor countries. In the first instance, official aid plays a secondary role. The EUR 50 million or so that the EU mobilises every year obviously does not achieve the “critical mass” that would make it possible directly to tackle the real problems of poverty. These funds are chiefly used for technical assistance and consultancy work to support economic and social reforms, encourage environmental protection and sustainable development and promote good governance, the rule of law and human rights. For its part, the EIB can offer more substantial amounts as loans for individual projects. Private investment plays a much more important role than public transfers. The technology transfer which goes with this investment is particularly welcome.

EU-China relations are nevertheless overshadowed by trade issues. Despite increasingly dynamic flows of trade in both directions, Chinese exports have boomed and continued to increase the EU's trade deficit with China. The EU has complained about the lack of progress that has been made as regards access to the Chinese market for its exports and investment and as regards the protection of intellectual property rights and control of piracy and counterfeiting in a context in which the Chinese currency is undervalued.

There is now, however, open dialogue on all these issues which is making it possible to ease tensions and gradually bring about improvements.

The EU's relations with ASEAN, a block of 10 countries of South-East Asia, celebrated their thirtieth anniversary in 2007. This was one of the first instances where Europe tried to help a group of partner countries benefit from its own experience of regional economic integration and to encourage it to pursue this route. An EEC-ASEAN cooperation agreement was signed in 1980. This was a non-preferential framework agreement of the type that was being concluded at the time with the countries of Asia and Latin America. While it opened up considerable potential for cooperation, making use of this potential was nevertheless very dependent on the political will of the partners. The problem of East Timor, a former Portuguese colony annexed in 1975 by Indonesia, delayed the conclusion of a "third-generation" agreement which would have contained provisions on human rights. Although East Timor became independent in 2002 and joined the Cotonou ACP Group, EU-ASEAN relations were temporarily derailed by a further problem: the EU did not want to sit at the same table as Myanmar's dictatorship which had become a member of ASEAN on 1997. While pragmatic arrangements have meanwhile been found to make cooperation and meetings possible again, a further problem is likely to crop up when the "new-generation" free trade agreement, currently being negotiated, has to be concluded.

Despite these problems, EU-ASEAN relations overall have developed favourably. Here as well the partnership is a multi-faceted one covering dialogue on political and security issues, economic and trade cooperation, and financial cooperation of some EUR 200 to 250 million each year.

As South and South-East Asia are particularly exposed to natural disasters – earthquakes, tsunamis, flooding – substantial amounts of EU humanitarian aid, managed by its specialist office "ECHO", have fairly frequently been channelled into this region. The 2004 tsunami was a particularly tragic disaster which mobilised European solidarity and led to an immediate and effective response in the form of humanitarian aid and, thereafter, aid for reconstruction and rehabilitation. The Community and its Member States have paid out a total of over EUR 2 billion in humanitarian and reconstruction aid.

Asia now occupies an important place in the EU's external action agenda. Although the primary interest of the parties was for many years to strengthen economic and trade ties, political issues have gained in importance as, since Maastricht, the EU has had more foreign and security policy capacities and the Asian countries see the EU as a new political actor able to play its part in bringing about a more balanced world order.

3.9 Institutional policy-making, decision-making and management structures

Having looked at the ways in which European cooperation is organised with the various regions of the developing world, it may be useful briefly to look at who does what in the Union's institutions in the area of development policy. We shall look at three institutions: the European Parliament, the Council of Ministers and the Commission.

The European Parliament deserves a particular mention in this respect. Although it initially had only consultative powers, acquiring shared powers over the budget in the mid-1970s and, much later, powers of codecision – although it has always been formally kept out of CFSP decisions – Parliament, which is a genuine protagonist of development cooperation policy, has always used all the resources that it has available to promote that policy. Without its political support, many Commission initiatives would have come to naught; Parliament has also drawn on its budget powers and has taken many initiatives to strengthen and even create budget lines to support its priorities.

In practice, the Parliament has always been the Commission's best ally in this field.

In the Parliament's Committee on Development, the European Commission has always found partners who are committed, demanding, informed and constructive – and critical when necessary. Unfortunately, major political questions tend to go to the more prestigious Committee on Foreign Affairs, to some extent mirroring the organisation of the European Commission which we will examine below.

Parliament has also gone beyond intra-European debate and has played an external political role in cooperation and development in joint parliamentary assemblies (ACP-EU Joint Parliamentary Assembly, Euro-Mediterranean Parliamentary Assembly), joint parliamentary committees (for instance with Turkey, Mexico and Chile), and interparliamentary delegations (for instance with the Andean Community, Mercosur and ASEAN). Debates are often more lively and stimulating in these forums than in meetings of ministers and ambassadors where discussions tend to reflect positions agreed beforehand by the European side and by its partners.

The Council of Ministers, which shares budget powers with Parliament and from now on legislative functions as well, recognised at a very early stage that it was in Europe's political interest to have a development policy. If it had not taken such an open-minded attitude, it would have been impossible to build such a policy for thirty years before Maastricht finally provided a specific legal basis for it in 1993. With the exception of its trade policy strand, development cooperation has not, however, become a common policy in the strict sense: it remains what the Treaty of Lisbon calls a "shared competence" of the Union and the Member States.

The interaction between the Council and the Commission was based largely on mutual trust, especially during the long period of "legal vacuum". The Commission was careful to avoid institutional conflict. For that reason its initiatives often took the form of memoranda, presented at politically opportune moments, and in some cases dealing with issues (such as the indebtedness of the developing countries in the mid-1970s) which clearly went beyond Community competences, but which the Council agreed to discuss. Formal procedures were in some cases replaced by "gentlemen's agreements": for many years, for instance, the Commission was able to manage the highly sensitive programme of aid to victims of apartheid in South Africa without any regulatory text, as the Council trusted the Commission to inform it of any major political problems. Another memorable example is the finalisation of the Lomé III negotiations when, after the formal negotiating mandate had been exhausted, the Council gave the Commission the task of settling, subject to its approval, the fifteen or so outstanding problems, with the exception of the volume of the EDF, and rubber-stamped the result without changing a single comma.

In this respect as well, times have changed: interinstitutional trust has been replaced by a clear demarcation of competences.

While the Council has acquitted itself well in terms of providing political guidance on development cooperation, many years were to pass, as we will see in the following section, before it was accepted that the political framework created in this way was a firm and even binding point of reference not just for the Commission but for the Member States as well.

It is to be regretted that after thirty years of valuable work, the Development Ministers Council was integrated in 2002 into the Foreign Affairs Council as part of a so-called “rationalisation” exercise. Some feel that this development is part and parcel of the tendency to shift as many aspects of external action as possible into the orbit of the CFSP, i.e. to the Foreign Affairs Council. An unfortunate example is the African Peace Facility, financed from EDF resources and therefore formally administered by the Commission, when in practice decisions are taken by Council formations. It is up to the Commission in particular to ensure that this trend does not become more widespread, especially from the point of view of the new structures planned by the Treaty of Lisbon.

The Commission plays its conventional role in the development policy field: it takes initiatives, issues proposals and implements the decisions that have been made. Through its right of initiative, it instigates all policy-related texts whether thematic, geographical or strategic as well as regulatory and budgetary proposals. From the point of view of implementation, its role is largely to manage financial and technical cooperation once the volume and budget of the EDF have been agreed. Beforehand, it draws up country strategy papers, supplemented by indicative programmes, which provide a basis for project and programme financing decisions. In this process, the Commission is “assisted” – “supervised” might be a better term – by funding committees (EDF Committee, MED Committee, etc.) made up of experts from the Member States which have to give a majority positive opinion before the Commission can take any decisions. The European Parliament, rightly aggrieved by this intrusion of the Member States into management, called for and in return obtained a right of “democratic scrutiny” of the management process.

Once decisions have been taken, the Commission is responsible for implementing projects and programmes. It is supported, especially in implementation in the field, by its network of Delegations in the partner countries whose competences were extended under the reforms undertaken by the “Prodi Commission” (1999-2004) on the basis of what is called “deconcentration”.

The Commission’s administrative structures, are they as well suited as they might be to its tasks in this field? There have been doubts on this score.

From 1958 to 1985, relations with the outside world were the task of two Commissioners, each in charge of a Directorate-General: one Commissioner and his services were responsible for “external relations” which, at the time, largely involved economic and trade relations; the other Commissioner and his Directorate-General were responsible for development cooperation. When the first “Delors Commission” was formed in 1985, the two portfolios had in practice already been allocated to the Belgian De Clercq and the Italian Natali (development) when Claude Cheysson, the French Commissioner we first encountered at the genesis of Lomé, unexpectedly came back at the last minute. Refusing the “internal” portfolio that Delors was offering him, Cheysson insisted on an “external” portfolio. A third external portfolio was therefore created for purely circumstantial reasons. Since then the Commission has endeavoured to organise and reorganise its external services with a view to making them as rational and coherent as possible. Whether it has been completely successful is something of an open question!

The main mistake, raising ongoing problems from the point of view of coherence, was to divide the developing world between two geographical portfolios: ACP/South Africa, on the one hand, and Mediterranean/ALA on the other. This split gradually led to the partial dismantlement of the Development Directorate-General and, temporarily, to the coexistence of two Directorates-General which shared the developing countries. In subsequent reorganisations, the priority was to divide competences in terms of tasks (rather than geography): external political relations, external economic/trade relations and development cooperation (meaning in this case financial and technical cooperation). It was to be hoped that all development cooperation would be brought back into a single Directorate-General led by a single Commissioner. However, the Commission did not follow

this task-based logic through and ultimately integrated the MED/ALA strand into the more “noble” Directorate-General for External Relations.

The structural change that the Treaty of Lisbon is to introduce into external action offers a rare opportunity to put things in order. Will this opportunity be grasped?

Two further changes in administrative structure seem, however, to have met a need: firstly, the creation in 1992 of the special service “ECHO” (European Community Humanitarian Office), which has meanwhile become a Directorate-General, responsible for managing the Union’s humanitarian aid. Initially the task of a division of DG Development, this kind of aid has grown rapidly in volume and in terms of numbers of actions; it needed special implementing procedures in keeping with the urgency of the task. It also suffered from a lack of visibility. The creation of a special service was justified for these reasons. Depending on the scale and the number of disasters, ECHO manages a volume of aid of some EUR 600 to 800 million each year. This aid is managed principally through a network of partners including NGOs, international organisations and UN agencies.

The other major change has been to separate the implementation of development aid operations from the design, policy orientation and programming of this aid. The situation in the early 2000s, when a single structure took responsibility for the whole sector, from the design of cooperation to the payment of the final invoice, seemed rather outdated: the substantial increase in the volume, number and diversity of operations warranted this division. Instead of following up the initial idea of creating an implementing agency, the Commission decided to set up an additional Directorate-General which has been known since 2001 as the EuropeAid Cooperation Office (“AidCo”). This new office took responsibility for implementing all financial and technical cooperation which had up till then been divided between several services which were, moreover, applying different regulations and procedures. One may nevertheless wonder whether the demarcation line chosen – as far as programming on the one hand, and from the identification of operations on the other – is the best. It might have been better to give the upstream services responsibility beyond programming as far as the financing decisions and to make AidCo responsible for the actual implementation of the operations once agreed.

3.10 The difficult path towards the “European Consensus”

The path towards to a development policy committing not just the Commission as such but the Member States as well has been fraught with pitfalls.

It will be recalled that a pragmatic and somewhat experimental approach was taken in the first period of development cooperation (“From Rome to Lomé”). Efforts to find a more rational basis for what was gradually to become a development cooperation policy worthy of the name, with appropriate priorities, instruments and resources, only really started in the 1970s. It was from that date that the Commission presented communications shaping developing policy to the Council and Parliament (first memorandum in 1971). While these Commission initiatives gave rise to interesting debates and conclusions, those conclusions were systematically and exclusively addressed to the Commission as the administrator of Community cooperation. For their part, the Member States did not feel that their own national cooperation policies and programmes were really concerned.

The co-existence of a Community policy with a growing number (as a result of enlargements) of national policies, without any coordination, was a cause of immense frustration to those, especially in the Commission, who took the view that a concerted approach by the Commission and the Member States could have a huge impact, especially as the resources, financial in particular, on which the Member States could draw were much greater than those on which the Commission could draw.

There was therefore talk about coordination from a very early stage, leading, at the initiative of the Commission in 1974, to a first resolution by the Council of Ministers. Although the Commission reiterated this idea on a number of occasions, actual progress nevertheless remained very slow and disappointing. Until the early 1990s, the guidelines decided by the Council continued to be addressed solely to the Commission. While some progress was made with practical coordination, this tended to take the form of pilot projects which were never placed on a systematic footing.

The Member States were reluctant to embrace the idea of coordination for a

whole range of reasons: many simply wanted to retain autonomy over what they considered to be a key aspect of their external policy. Others did not want to put their cards on the table as they were afraid that they would lose projects which were of interest to their industries. Some suspected that the Commission wanted to increase its powers and centralise something that could remain national. Several Member States, while looking favourably on coordination, considered that it should be organised with all the aid donors involved and not just within the framework of the Community.

The Commission endeavoured to explain that the “Communitisation” or “Europeanisation” of development cooperation did not mean that instruments would be centralised at European level beyond the “critical mass” (which had largely been reached as the Commission was managing some 20% of the total aid mobilised by the Member States), but would involve the joint formulation of policy lines binding on the Commission and the Member States: in this common policy framework, implementation could then take place at different levels – Community, national, regional – but in a coordinated way in order to make it as coherent as possible overall. An approach which seems fully in keeping with the principle of subsidiarity.

A clear mandate, moving in the right direction, was finally provided by the Treaty of Maastricht: “the Community and the Member States shall coordinate their policies on development cooperation and shall consult each other on their aid programmes”. (The Treaty of Lisbon further reinforces this provision by adding the objective of: “promoting the complementarity and efficiency of their action...”).

The launch of the Common Foreign and Security Policy has provided a further incentive for closer cooperation on development policy. Is it really possible to envisage a shift towards common actions under the CFSP, when development cooperation measures continue to be handled in a rather piecemeal way?

Genuine progress has been made especially in the formulation of policy guidelines addressed to both the Commission and the Member States. The first instance of this was a resolution on the theme “Human Rights, Democracy and Development” adopted by the Council in November 1991. Thereafter, a whole range of texts on

increasingly specific themes has been issued, with the result that there is now a real joint “body of doctrine”.

This process has been greatly helped by the challenges that the major UN conferences of the 1990s represented for the international community: Rio on the environment, Beijing on the role of women, Copenhagen on social development, Rome on food and Cairo on population. This series of meetings culminated in the UN Millennium Summit of September 2000 from which the “Millennium Development Goals” (MDGs) emerged.

As they prepared to take part in these conferences, the Member States increasingly began to work together in a systematic way so that common positions could as far as possible be decided. The major contributions made by the Commission helped to fuel this process.

The resolve of the Member States to work together in international forums, into which the MDG agreement breathed new life, was particularly evident at the Conference on Financing for Development in Monterrey (2002) where the EU played a key role largely because its Member States undertook to achieve, collectively and in stages, the objective of 0.7% of GNP by 2015.

The Member States seemed to have reached such a degree of consensus on the main issues of development policy that it appeared possible to consolidate all these positions in a common declaration.

That was tried in 2005. At the initiative of the Development Commissioner, Louis Michel, the Commission proposed a joint declaration by the Council, the European Parliament and the Commission on “The European Union’s Development Policy” which was to set out the common values, principles, objectives and resources to be used to tackle poverty whose eradication had become the primary objective of the EU’s development cooperation policy. Although slightly diluted during its passage through the institutions – the active notion of a “strategy” proposed by the Commission became a “vision” and some “as appropriates” weakened the wording – the Commission’s plan was largely taken up in what became the “European Consensus on Development”, a document of major political importance

signed in December 2005 by the Presidents of the Council, Parliament and the Commission. As a result of this “Consensus” and the guidelines on more specific themes approved before and after the “Consensus”, the EU now has a common framework for the concerted and coherent implementation of practical cooperation measures by the Commission and the Member States.

Although the political importance of this framework is undeniable, the resolve of all the players to organise genuine cooperation and to seek genuine complementarity between one another, going as far as a division of labour, will ultimately shape whether it is of any practical use.

The Commission, aware of the need to translate these policy guidelines into practice, followed up its “Consensus” initiative with a 2007 proposal for a Code of Conduct on Complementarity and the Division of Labour in Development Policy. The proposals were intended to encourage the Member States to focus, in a given partner country, on a limited number of sectors, to decide on their priority partner countries (with a view to reducing their numbers in a concerted manner) and to look for areas of specialisation. The purpose of all these guidelines was to reduce dispersal and any light sprinkler effect, to reduce “transaction costs” on both sides (donor-beneficiary), and therefore substantially to increase the impact and effectiveness of aid. In May 2007, the Council approved a Code of Conduct which was, in comparison with the Commission’s ambitions, rather cautious and discretionary.

It is too early to draw any conclusions: this is still a test period.

The potential that good coordination of cooperation measures by the Commission and the Member States offers in terms of rationalisation, impact, effectiveness and visibility can be seen from the financial volumes in play: the EU – i.e., ultimately, taxpayers in Member States – mobilises some EUR 50 billion of official development aid every year (EUR 48 billion in 2006) accounting for 55% of the total for all members of the OECD. The amount of ODA jointly mobilised by the Member States is also well above the OECD average (0.30% of GNP in 2006) especially since the EU undertook, at the Monterrey Conference in 2002, to increase the volume of its aid in order collectively to reach 0.39% of GNP in 2006 (in practice the figure was 0.42%), 0.56% in 2010 and 0.7% - the famous goal set in 1970! – in 2015. So far, the

EU has honoured its commitments. However, meeting the forthcoming deadlines will require additional efforts, given that the figures for recent years have been swollen by major debt cancellation operations which will not recur. It is obviously much easier for a minister of finance to cancel “doubtful debts” than to mobilise new money!

The resources available at Community level, and therefore managed by the Commission, are set by the 2007-2013 budget perspective and the volume of the 10th EDF (2008-2013). Although their growth has been real, it is nevertheless less dynamic than the pace of the increase to which the EU collectively committed itself in Monterrey. If these undertakings are met, the proportion of aid passing through Community channels (EUR 8 to 9 billion each year at present) would therefore tend to fall below the level of 20% that it had reached. This prospect of a downturn in the “Communitisation” of aid is one more reason for good overall coordination.

3.11 Development policy and EU enlargements

The enlargements of the EU and in particular the pace at which they have taken place have given rise to lively, and in some cases heated, debate. From our point of view, it is useful briefly to look at the effects that these enlargements have had on development policy.

The first enlargement in 1973 – the accession of the United Kingdom, Ireland and Denmark – undoubtedly helped Europe to open up its cooperation policy in both geographical and substantive terms by paving the way for Lomé and, as a result, the beginnings of a real policy in the field. The United Kingdom brought its experience of the Commonwealth; Ireland and Denmark have always been among those countries committed and sensitive to the problems of the developing world.

While the accession of Greece in 1981 did not have a particular impact on development policy, the enlargement in 1986 to Spain and Portugal provided this policy with new dimensions as a result of the interest of these countries in Latin America from which the EU would gain new inspiration, and the additional impetus that Portugal gave to African policy. It is not by chance that the first EU-Africa summit in Europe was held in Lisbon in December 2007.

The 1995 enlargement – the accession of Austria, Finland and Sweden – brought in countries that did not have a colonial past, but were highly motivated as regards development cooperation. They provided an additional commitment evident, in the case of Sweden, from its position among the leading ranks in terms of public aid efforts.

The major enlargement to the East and to Cyprus and Malta in 2004, and the accession of Bulgaria and Romania in 2007, could not have an impact comparable to that of the previous enlargements bearing in mind the level of development of most of the twelve new members. Up to then they had been beneficiaries of external aid and, once they had become Member States, continued to be beneficiaries of major flows from the EU's own structural funds. Formally, however, they also became aid donors as a result of their accession, since they contribute to the financing of the EU budget and the EDF and are also required to play their part, albeit to a moderate extent, in achieving the objective of 0.7%. While welcoming the commitment of the new Member States, they should be dissuaded from setting up independent bilateral mini-programmes and encouraged to play their part in co-financing or trust funds in order to prevent the coordination process from becoming even more complex.

In summary, without the new impetus given by these enlargements, the EU's development policy could have taken a different course. It could well have become bogged down in the dissension surrounding the Yaoundé policy and might never have got off the ground.

3.12 *The Treaty of Lisbon*

A brief analysis of the “development” aspects of the Treaty of Lisbon, signed on 13 December 2007, will complete our overview of the EU’s development policy.

In comparison with the Treaty of Nice which the new Treaty will fundamentally amend – and to all intents and purposes replace – Lisbon imposes order on the various aspects making up the EU’s external action which are currently scattered through various titles of the existing Treaty. The umbrella notion “the Union’s external action” includes chapters dealing with the common foreign and security policy, common trade policy, cooperation with third countries and humanitarian aid – with a special section on development cooperation. The principles and objectives of external action are set out in introductory articles which precede these chapters and therefore apply to them overall, whereas, in the current text, the CFSP and development cooperation in particular are assigned specific objectives. Eradicating poverty, as an essential goal of development policy, in particular becomes an objective of all external action whereas it has up to now been no more than a specific objective of development cooperation.

It is to be regretted that, in contrast to the text of the draft Constitution, the Treaty of Lisbon gives the CFSP chapter a particular place by locating it in the “Treaty on the Union” section, while the other aspects of external action are still in the “Treaty on the Functioning of the Union” section. It is clear that the authors of this change wanted to give political primacy to the CFSP even though this division has no importance in legal terms.

The provisions on development cooperation do not really need any further comment; in substance, they have not been changed since Maastricht. The new text is nevertheless more balanced as regards the articulation between the Union and the Member States in the sense that their respective policies “complement and reinforce one another” whereas, before, the task of the Community was to complement the policy of the Member States.

The real innovations are more institutional in nature and also have an impact on development policy. The comments that we made on the opportunities and risks

created by establishing a link between the CFSP and development cooperation at the time of the Treaty of Maastricht continue to apply in this new context. The temptation to make cooperation and in particular development aid into an instrument serving the needs of the CFSP – and therefore to mix the long and the short term, conflict prevention and conflict management, and intergovernmental and Community aspects – is underpinned by the appearance of the “High Representative of the Union for Foreign Affairs and Security Policy” (called the “Minister for Foreign Affairs” in the draft Constitution). Appointed by the Council of Ministers, with the agreement of the President of the Commission, the High Representative conducts the CFSP as mandated by the Council; he presides over the Foreign Affairs Council but is also a Vice-President of the Commission, overseeing the responsibilities incumbent on it in external relations, and ensuring the consistency of external action whose aspects other than the CFSP he coordinates. As a powerful figure, a “two-headed monster”, institutionally schizophrenic, will the High Representative be able to straddle the major political and institutional divide demanded of him. Will he lean more towards Council – that is towards the intergovernmental – or rather towards the Commission and a more communautaire approach? Will he try to bring the Commissioners responsible for other aspects of external action (trade policy, development cooperation, humanitarian aid) under his wing or will he merely act as a coordinator leaving his colleagues enough autonomy? This latter question is obviously a key one for the future of development policy.

Over and above this institutional introspection which will be of little interest to European citizens or to the outside world, it should nevertheless be stressed that the High Representative will finally provide the Union with a personality who will be the main, if not the only, partner for all external action. Henry Kissinger will finally have the telephone number that he always wanted!

Nobody will object, I am sure, if I put forward the hope that the Union will choose someone who has development concerns close to his heart and gives them the place that they deserve in overall external action!

The High Representative will be assisted by a “European external action service” (which the press have already dubbed a “diplomatic service”) bringing together Council and Commission officials and seconded national diplomats. The organisa-

tion and the functioning of this service have yet to be decided. The status of the external delegations – which are at present Commission delegations – will have to be adapted, as they are to become Union delegations placed under the authority of the High Representative. The degree of autonomy that staff responsible for tasks other than those coming under the CFSP will enjoy within these delegations needs in particular to be determined. They should be able to work directly with the services and Commissioners responsible for these other policies.

However, let us draw a lesson from all these new – and old – provisions based on fifty years of experience of Community life: over and above the texts and procedures, the political will of the players to breathe life into them in the common interest of Europe is more important. It can never be said enough that it is committed individuals who have made the construction of European move forward at least as much as the successive treaties. We should bear in mind that procedures and structures, even the very complex or obscure, can function if those responsible for them are motivated by the will to make them work!

And from here?



And from here?

At the end of this voyage through fifty years of EU development cooperation, we find a Europe solidly established in a policy field whose beginnings were very tentative and improvised. As it is not – and has no ambition to be – a military power, its relations with the developing world offered the EU a good opportunity to exercise its role as a “soft power”. Through diplomacy, dialogue, mediation and in particular development cooperation and humanitarian aid, the EU has increasingly become an actor and moderator in the international arena. That is its main contribution to the world's peace and security.

Its influence will be even greater if its Member States agree to conduct a genuinely common external policy and in particular to ensure that their development cooperation operations genuinely complement one another within a common policy framework.

While, in political terms, the EU has successfully created a dense network of relations and agreements with almost all the developing countries, it has to be said that the results in terms of development have not always matched expectations – far from it – especially in Africa. We have all, both ourselves and our partner countries, travelled a long road of learning and experimentation in a largely unexplored field. At the end of this long road, we are now better able, through what we have learnt from our successes and failures, to tackle the ongoing problems.

As all the theories of development claimed to be universally valid have failed, it is in the Union's interest to pursue a path of pragmatism enlightened by experience, finding solutions in keeping with particular situations and avoiding the trap of modish tendencies and concepts and miracle recipes.

The EU's development cooperation now has to be resolutely focused on action. It does not lack legal bases (which have existed since Maastricht), policy guidelines drawn up by the institutions, strategic partnerships, country strategy papers, action plans, indicative programmes and so on. All that is in place and should now provide the foundation, which now needs to be consolidated and not further

complicated, on which tangible measures can be built. Through its many political initiatives, Europe has raised immense expectations. Does it have the human and financial resources to flesh out the many partnerships which have been launched and to translate the dialogue that is under way in a whole range of fields into concrete measures? Is it not running the risk that actual development work will to some extent be replaced by a battle of words?

Finally, it is useful to ask what fundamental objective our development cooperation is actually pursuing – a question that is often evaded. In practice, we stop too often at the level of sub-objectives or even means. The only objective can be one of ensuring that all the inhabitants of our planet have the decent living conditions that they deserve; in modern parlance, we call that “eradicating poverty”. If that is really our objective, international cooperation has to be geared to it and focused primarily on basic needs: food security, drinking water, education, health, housing, etc., and obviously jobs. The reality seems very different: consciously or unconsciously, the world is the victim of an ideology of growth which seems to want the whole of humanity to acquire the model and the standards of living of the western world. In a world with limited resources and a fragile environment, unlimited growth is impossible. The “Club of Rome” told us that in 1972 and it was right.

The notion of sustainable development means that we have a moral obligation to safeguard the foundations that future generations will need to live and to leave developing countries enough margins for growth so that they can at the very least stamp out abject poverty.

As we look forward and seek to learn from the past, modesty and questioning are more of the order of the day than any sense of certainty or self-satisfaction.

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