

In search of a common future: The European Union's lost opportunities as a global actor

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Introduction

The European Union (EU) has sought to project itself as a leading player within the international community in delivering what is required to achieve the Millennium Development Goals (MDGs) and other international commitments. The EU keeps emphasizing that being the world's largest donor, collectively contributing 55% of all Official Development Aid, is a reflection of its strong commitment to development and to translating its core values into a global policy. It also repeatedly claims that it is pursuing a development oriented approach to trade negotiations, both within the World Trade Organization (WTO) and within its negotiations with developing country regions. In addition it claims that it is continually ensuring that its overall approach to policies remains coherent with its development policies and its objectives for its cooperation with developing countries.

In June 2005 the European Council, which brings together the Heads of State and government from all Member States, proposed important commitments to increase EU aid. Additionally it identified the priorities for the September Summit² preparations as being the "Creation of the Peace Commission, prevention of conflicts, the fight against terrorism, the adoption of principles for making commitments to use force, disarmament, the non-proliferation of weapons of mass destruction, and the re-enforcement of the United Nations in maintaining peace". It also called on all members of the UN to sign the Convention relating to the prevention of nuclear terrorism that was recently agreed in the UN General Assembly in September.

These announcements came with important commitments to aid increases and plans to increase the effectiveness of aid. How do these various priorities go together? Are the claims that the EU is ready to enter a new era of development cooperation justified by the actions being taken by the EU?

Overview of main events

EU expansion

The last twelve months have seen significant developments for the EU. In May 2004 ten additional countries joined the Union increasing the number of Member States from 15 to 25.³ Most of these countries are considerably poorer than the rest of the EU requiring a process of adjustment that has implications for all Member States. The total population of the Union now ranks the third, behind China and India. While initial fears were that development cooperation could be undermined by the eastward expansion, such fears have not generally been justified. On the contrary, the new Member States have brought a new dynamic to the EU, with interesting perspectives which include the geographic area east of the current Union. A prestigious Presidency Fund has been established by Ireland and the Netherlands during their successive Presidency of the EU. This fund aims to help civil society from new Member States in their engagement with EU development cooperation.⁴

Following the expansion of the EU its policies have been re-organized to reflect this new reality. The EU has now set up its policies around concentric circles. The first circle reflects the core of the EU and is made up of its Member States, in one open and free movement of goods, however with restrictions on the movement of people.

The second circle reflects the European Neighbourhood Policy of the EU, with a heavy emphasis on migration and border control. The 16 neighbouring countries are not part of the EU market, but constitute a critical component of the EU's internal security. The neighbourhood ranges from the Arab states in North Africa to the Middle East, and includes Israel as well as Palestine; and includes the Balkans and Ukraine to the East. With some of these, notably Romania, Bulgaria, Croatia and Turkey accession negotiations are on the way to prepare for their entry.⁵

The third circle is composed of the EU's policy to other third countries. This policy is the least clear as a result of mixing of interests and policy objectives, as will be outlined below.

The consequences of these policies from the perspective of the EU's gender policy have been examined in Eurostep's publication *To the Farthest Frontiers: Women's empowerment in an expanding Europe*, in partnership with Social Watch, Wide and Karat.⁶ This publication sets out how the new centric policies fail to include strong dimensions of gender equality and poverty eradication, mainly because of their emphasis on pursuing and securing EU economic interests.

EU elections

Elections for the European Parliament took place in June 2004 with the inclusion of representatives from across the 25 Member States. The European Commission also changed, with the new Commission, led by former Portuguese centre right Prime Minister José Manuel Barroso, taking up office in November 2004. The EU Member States initially had difficulty in agreeing a nominee for Commission President, and Barroso was appointed as a compromise candidate. It is worth remembering that Barroso publicly lent a useful hand to the United States when the second Iraq War was initiated. He lent credibility to the concept of a "coalition" with support from Europe for the war in Iraq by organizing a press meeting attended by US President George W Bush, UK Prime Minister Tony Blair and then Spanish Prime Minister José María Aznar. President Bush reciprocated by visiting the European Commission - the first time that the European Commission received a US President - in February 2005.

European Constitution

The first Constitution for Europe was also agreed and signed in 2004 before being subject to a process of ratification by each Member State. The Constitution was developed by a Convention established in December 2002 involving representatives from across the EU, including from civil society organizations. The proposals intended to subordinate development cooperation to a revamped EU foreign and security policy, as adopted by the EU Council in the European Security Strategy of 2003.⁷

Concerted and united actions by EU civil society organizations with support of national Members of Parliament and Members of the European

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2 A high-level plenary meeting of the UN General Assembly will undertake a comprehensive review of the progress made in the fulfilment of all the commitments contained in the UN Millennium Declaration on 14-16 September 2005.

3 The 10 countries joining were Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia.

4 See: <http://presidencyfund.eurostep.org>

5 The countries covered by the European Neighbourhood Policy are Albania, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Syria, Tunisia, Ukraine as well as the Palestinian Authority.

6 See: www.eurostep.org

7 *Social Watch Report 2003. The Poor and the Market*. Montevideo: Third World Institute, 2003.

8 The French term *acquis communautaire* is used in European Union law to refer to the total body of EU law accumulated so far. An in-depth analysis of the Treaty is provided at: <http://constitution.eurostep.org>



Parliament and some Member States followed. Subsequently, the legal basis in the Constitutional Treaty was clarified and remained a specific independent policy of the European Community, governed by its own objectives and principles - in line with the *acquis communautaire* acquired by the EU.⁹

The ratification process has been halted by the rejection of the Constitution in referenda in France and in the Netherlands. The voters in these traditional pro-European countries gave an unprecedented signal that citizens are concerned with the direction in which the EU is going. Particularly unfortunate was the alliance between the anti-European right and the progressive left, which made it more difficult to interpret the desire and the weight of the anti-vote. It would appear that in particular the erosion of the EU's social policies are at the core of concerns in these two countries, and the continued pressure towards privatization of key public sectors.

Towards common EU action in Development Cooperation

New resources

Superficially it would appear that the EU is building external strength on the basis of its joint actions in development cooperation. Since early 2004 the EU has been preparing a common position involving all Member States to take to the September 2005 Summit. The principal element of this position is a commitment to increase ODA to a collective average target of 0.56% ODA/GNI by 2010, and 0.7% by 2015. To achieve the 2010 target the "old" 15 EU Member States are expected to achieve a minimum of 0.51% of GNI, while the new 10 Member States should increase their ODA to 0.17% of GNI. The 10 are also encouraged to reach 0.33% of GNI by 2015. Commentators speak of a new era in development cooperation with a doubling of financial resources expected in the next ten years.

A particular initiative has been launched towards Africa for which the EU will give priority. It has committed itself to increase its aid to sub-Saharan Africa by at least 50%, taken on a collective basis. This includes increasing its aid flows towards countries in conflict and in fragile states.

The Millennium Development Goals

In its 2005 Council conclusions a number of initiatives were announced in relation to the September Summit. These include the following:

- A strong emphasis on human rights and democracy. Human rights should be put on the same footing as questions of development, peace and security. The EU therefore supported

re-enforcing the role and means of the High Commissioner as well as the creation of the proposed Human Rights Council.

- Calling for the September Summit to initiate a process to establish a strengthened UN environmental agency based on the existing United Nations Environment Programme which would have an equal status with other specialised UN agencies.
- The European Council stated explicitly that the contribution of non-aid policies in attaining the MDGs must be considered an integral part of the process to achieving development aims.

The Paris Declaration and the new aid modalities

The Paris Declaration on Aid Effectiveness⁹ constitutes a key element of the future EU development cooperation perspective, and the EU is determined to bring this into a central framework of the MDGs at the September Summit.

The essence of the Paris Declaration is its promotion of new aid modalities bringing donors in support of the Washington-led Poverty Reduction Strategies. The principles of "ownership" of policies by developing countries and of "coordination" by donors form the foundation of this new focus.

The difficulties associated with the Paris Declaration are related to the question as to who owns the national policies of the countries in the South. A new Eurostep publication, *Accountability Upside Down: Gender Equality in a partnership for poverty eradication*, written in cooperation with Social Watch, questions the ownership of the new aid modalities to people living in poverty in the South. The publication examines whether the new aid modalities could promote gender equality, which has been generally ignored as a vital component of poverty eradication in the context of the new instruments, such as budget support. The conclusion is that without a transfer of decision-making power from the donors to the South and in the absence of adequate mechanisms for accountability in the South itself, the prospects for promoting gender equality and poverty eradication are bleak.

A recent delegation of tsunami victims to the European Parliament raised the same question, namely that the unprecedented amounts of aid given in the wake of the disaster has not reached the people affected by the tsunami. In its hearing to the European Parliament on 14 July 2005 the delegation of Sri Lanka told parliamentarians that the extensive aid programme served the interests of the private sector and failed to assist the communities suffering from the tsunami. The delegation called on governments and tsunami aid donors to truly enforce the accepted guiding principle of ownership by the affected communities. "Plans for reconstruction were drawn up without consulting the affected people and do not target the needs of these communities but rather serve the economic interests of the private sector" said Sarath Fernando, Co-Secretary of the Movement for Land and Agricultural Reform (MONLAR). "Fishermen will lose their livelihoods and be further displaced by the tourism industry, to which the Government of Sri Lanka has given priority in the reconstruction plans. We are deeply concerned with the social consequences of these plans" emphasised Herman Kumara, Convenor of National Fisheries Solidarity (NAFSO).¹⁰

Undercutting the development deal: the new financial perspectives of the EU

While the EU's commitment to increase funding for development is to be welcomed, there is a consistent pressure for these new resources to be utilized for non-development actions, given that the EU *acquis communautaire* provides the strongest legal base for implementing the EU's external actions, such as its security agenda.

In current negotiations, which aim to set a framework for the EU's common financial resources until 2013, a number of new instruments were introduced by the European Commission. All of these had the objective to prise development resources away from poverty eradication to other external interests.

The European Commission proposed that the Development Instrument (DCECI)¹¹ of some EUR 7.7 billion be brought together with an activity, which is called "economic cooperation", a EUR 17 million programme which mainly finances the participation of business people of the EU and of other industrialised countries in conferences across the world.

9 On 2 March 2005, participants at the OECD Paris High-Level Forum issued the "Paris Declaration on Aid Effectiveness," in which they committed their institutions and countries to continuing and increasing efforts in harmonization, alignment, and managing for results, and listed a set of monitorable actions and indicators to accelerate progress in these areas.

10 See: www.eepa.be

11 The Development Cooperation and Economic Cooperation Instrument proposed by the European Commission would form the legal basis for financing EU cooperation with countries outside those covered by the European Neighbourhood Policy.



The European Commission also proposed an instrument linking development and security policy in a new “stability instrument”; however the future of this instrument is unsure as the European Court ruled the proposal lacked a legal base in the current EU Treaties.

Development cooperation and trade

In terms of trade, critical areas of incoherence will need to be addressed in the coming months. Prime Minister Tony Blair has raised the stakes of the EU Financial Perspectives by linking these to the issue of agricultural subsidies financed from the EU budget, a suggestion immediately rejected by French President Jacques Chirac. The issue was raised essentially as a response to demands by several Member States that the United Kingdom give up its rebate for its financial contributions to the EU, negotiated by former UK Prime Minister Margaret Thatcher.

Tony Blair’s confidant, Peter Mandelson, is the new European Commissioner for trade. Being in charge of the EU’s preparations for the Hong Kong Ministerial meeting, he has made it clear that his aim is to follow a development trade agenda. However, he has also made it clear that progress on the liberalisation of services will be a major priority. The questions raised by NGOs on the compatibility between this and the development agenda were dismissed in an internal Commission letter, seen by Eurostep.

Moreover, the EU is trying to push African countries into accepting rules not yet agreed within the WTO through the Europe Partnership Agreements (EPAs). The so-called “Singapore issues”, named after the ministerial meeting where they were proposed, were removed from the Doha talks in 2003 after demands from developing countries. They include issues related to rules on protecting foreign investment, promoting domestic competition and increasing government procurement. ACP¹² trade ministers have expressed concern: “We are worried over this backdoor approach,” says Dipak Patel, the Zambian Trade Minister. “Where is the convergence between the WTO (...) and the EU approach in the EPAs?” Mukhisa Kituyi, the Kenyan Trade Minister, says: “I will be opposed to any progress being made if we get less than we got in the WTO negotiations.”¹³

At its 81st session in Brussels on 21 and 22 June 2005, the ACP Council of Ministers adopted a declaration on the EPA negotiations. The Council expressed grave concern that the negotiations have not pro-

ceeded in a satisfactory manner having failed to start addressing most issues of interest and concern to the ACP regions, in particular the development dimension and regional integration priorities, and regretted the disconnect between the public statements of the Commissioners of Trade and Development on the development aspect of EPAs and the actual position adopted during EPA negotiating sessions. The ACP Council of Ministers also called on the European Commission to ensure consistency and coherence in their trade and development policies.

Towards another vision of Europe

The EU gives mixed signals. While it strongly proclaims the need for its policies to be coherent, and consistent with its development objectives, the actual policies pursued are often not seen to have poverty eradication and gender equality as their primary objective.

This is a crucial error. The EU has a strong history in development cooperation and is itself built on the values of social democracy, the promotion of human rights, peace and development. A strong Europe will build on these values which root it into European civil society. Sixty-nine percent of Europeans believe that the EU should contribute to solving problems linked to global poverty.

Development cooperation is a crucial element of the EU’s external face and the EU is a clear leader in this area. Any attempts to weaken this area, such as the newly proposed instrument DCECI, make a fundamental error, which will ultimately negatively impact on the support by its citizens.

By positioning itself as a united global actor working towards the eradication of poverty and the achievement of the MDGs, the EU could bring itself into a position where it can provide the leadership required in the context of the UN, the international financial institutions and the WTO so as to make poverty history.

Eurostep’s vision of Europe

Eurostep’s campaign is aiming to ensure that the vision for a responsible Europe will be reflected in all European policies.

Eurostep’s *Vision of a Responsible Europe in the World* calls on the EU to ensure that its actions towards developing countries are consistent with the strong legal base for cooperation with developing countries included in the Constitution. It believes that within the Constitution there is a reasonable balance across the spectrum of EU external actions, notably between its Common Foreign Security and Defence policy and its Development Cooperation and Humanitarian Aid policy.

As a global player and as the largest provider of development aid, Europe now has both the opportunity and the mandate, to articulate an alternative to the increasingly unilateral world order by rooting its foreign policy in positive values. It should become the advocate of people living in poverty by fighting harder in favour of a fairer world in which injustices and inequalities are abolished, women empowered, human rights respected and the environment protected. ■

¹² African, Caribbean and Pacific countries (ACP).

¹³ *Financial Times*, 4 July 2005.