

THE EUROPEAN UNION AND THE SOUTH: A NEW ERA
The International responsibilities of an enlarged European Union

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A two day high level conference for parliamentarians and experts from the 10 accession countries of the European Union to discuss how Europe as a world player can live up to its international responsibilities towards developing countries and others.

**Coherency of policies: The Unification of policies on different levels and in
different fields with effective development cooperation**

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Chief Negotiator for the accession to the EU (1998-2003)*

Dear friends,

We are all very happy. In a few months our countries, the ten new members of the European Union will take up our positions. We have certainly come a long way since 1990. At long last Europe is really united, for the first time in its very long history. In this new united Europe we all feel safe and secure. We can now build our common future with certainty. We know that ahead of us lies a long road but at the same time a fruitful one.

We can now plan and build not only in our capitals, not only in every district and every corner of our country, not only in one country but in the whole of Europe. And we can seriously address all issues related with development in our region but also in the whole world. We also recognise and realise that in today's globalised world it is impossible to hide in one country. The whole world is inter-related and events even very far away affect every single country. What is happening in Afghanistan, in Iraq, in Africa, in Latin America does not anymore interest only the people of those countries or areas but all of us.

Development assistance is not a new phenomenon. It has been with us for a long time but as it is easy to understand it has taken different forms. In the past it was greatly related with the national traditions and particularly with the colonial history of many of the EU countries. Even in the European Union most of development assistance in the first decades was mainly a national rather than a Union activity and was closely related to the export of services and goods or the maintenance of political influence. In the Soviet Block it was also related to the export of goods and to a great extent to the export of ideas through education. The Scandinavian countries were probably the

only ones which had a history of development assistance based on purely humanistic principles. Gradually, however, the situation was changing with the European Union playing a role of its own, particularly after the Rio Conference in 1992 and the Maastricht Treaty. The EU member countries realised the need for closer cooperation between them as well as that development assistance provided collectively through the EU was going a longer way and was more effective than individual efforts.

With this excellent speech of Mr. Richelle, yesterday, gave us a very good outline of the EU development policies pointing out the objective of reducing by half the extreme poverty in the world by 2015. The aim is to devote 0.39% of gross national income for development. In many countries, however, people already speak of the need to devote 3%; 1% through the state budget and 2% through private sources. There is no doubt that much greater attention is given to whole idea of help and support for the poorer countries of this world than before.

If one wants to be bland, we have to recognise that this greater attention for development issues and the need to help poor people in their own countries is greatly related to the fact that we got scared. We realised that we cannot possibly isolate our countries and that desperate people from the poor nations of this world are turning to illegal immigration which is growing by the hour, I would say, rather than by the month. Thousands of women become victims of international prostitution networks while the illegal cultivation of narcotics is getting bigger and bigger. Coupled to these developments is the fact that particularly in Europe the population growth has been declining and social security is in crisis. There is a need both to promote legal immigration and at the same time to help the poor and under-developed countries of this world to stand on their own feet.

To be efficient, to be effective we need to act and we need to act together. There is no doubt that if we put our experiences and capabilities together and work through Brussels we can achieve a lot. This, however, is not enough. Developing cooperation is both needed and important but it is not the whole story. Our policies to be effective and to bring real results must be coherent. Today the ugly truth is that this coherence does not exist and in many ways and many cases we take with the one hand much more than what we give with the other. This is particularly true for the relationship

between the common agricultural policy and the development policy where we witness the most blatant and crying lack of coherence.

To start with let me simply point out that out of an approximately 100 billion Euros annual budget, 46 are spent on the CAP, 33 on structural projects and only 4.8 bn on external policies which, between others, includes development assistance as well. There is therefore a relationship of 10 to 1 in favour of CAP in terms of money spend. What is even worse, however, is the fact that in many cases the money spent on supporting a few farmers within the Union ends up in destroying tens of thousands of producers around the world. The most blatant example is that of sugar. While sugar costs three times as much within the Union than in the world still the EU exports 56% of the sugar in this world and is responsible for destroying thousands and thousands of effective and small farmers in Latin America or Africa. Characteristically there are estimates which state that Mozambique alone has lost in one year because of the sugar policy of the EU 108 million Euros while the total aid received under all kinds of headings from the EU was only 150 million.

The liberalisation of trade which we have all supported and support as we hope that it would bring benefits to the whole world, because of the CAP ends up in destroying thousands of producers in developing countries. A typical example of that is milk. With the freeing of trade of milk Jamaica a traditional and efficient producer of milk found itself in an impasse. Huge quantities of subsidised milk and milk powder were imported in Jamaica and Brazil putting out of the market local producers. A similar story was that of tomato concentrate. Senegal used to have a production of 73,000 tons of tomato concentrate, as a result of the liberalisation of trade it now has only 20,000 and most local tomato producers have gone out of production.

Unfortunately, this policy of subsidies and artificial support for EU farmers and related industries is mainly the work of efficient lobbies like the sugar or the meat processing lobby. As a result development and growth in most countries of Africa and other parts of the world becomes practically impossible. Even the program which is supposed to have been designed in order to help the poorer countries of this world, the 'everything than arms program' which theoretically would have permitted the import of various products from the least developed countries of the world has a lot of

exceptions. We heard yesterday, for example, that these countries can only export raw meat and if they dare to build a small canning factory to process and export canned meat then they end up in having to pay prohibitive duties. In the same way it is permitted to export unprocessed coffee and cocoa but there are high tariffs if they are processed. It has been estimated that the total cost of subsidies paid by the OECD countries is equal to about \$350 billion per annum compared to only a few tens of billions provided as development aid by the same countries. To avoid any misunderstandings we should point out that we fully support the need to help poor and medium size farmers. However, there are many ways by which these objectives can be achieved without, at the same time, hurting the interests of millions of people in the developing world.

Finally in this field I should also mention that other than the tariff and quota barriers there are other hidden barriers as well which are related to product specifications the so-called non-tariff barriers. A typical example of that is the regulation that specifies the exact size of bananas that are imported in the European Union. As a result Ghana failed in the export efforts because its locally produced bananas were slightly shorter than the specified size. (As a Cypriot I should point out that I am quite happy for these specifications because our bananas, which are much smaller, are so sweet that selfishly I prefer that we consume them rather than export them.)

The few examples that I have given you make it abundantly clear that there is an urgent need to review the CAP, which as it is today benefits few and hurts many. A few of the reasons in favour of this policy are:

- asymmetry in support within the Union as today a few countries benefit but many others end up paying the price
- the fact that, as a rule, only large farmers benefit and the great majority of small and medium producers get no special benefits
- consumers pay approximately 44% more for their food than they would have had to pay otherwise and in addition this policy ends up in harming the environment as well

Furthermore, we should not forget that this policy will not really benefit the farmers of the new countries as most are small and not able to effectively compete with their colleagues in the present member states.

Finally, as it has already been recommended, there is need for the services of an ombudsman that monitors the effects of the CAP and other EU policies, and ensures that there is no conflict with the efforts to help the developing world. The case for helping the developing world is clear as this is the only way to secure the steady growth of the world's trade and economy while at the same time protecting the environment. There is absolute need for more cooperation between the member countries but there is even greater need for coherence in the policies that are adopted and implemented. This is the first step. Subsequently we will have to move towards greater cooperation with the whole world in order to ensure respect for nature and for the other nations. Only if we respect and protect each other we can all survive and prosper.